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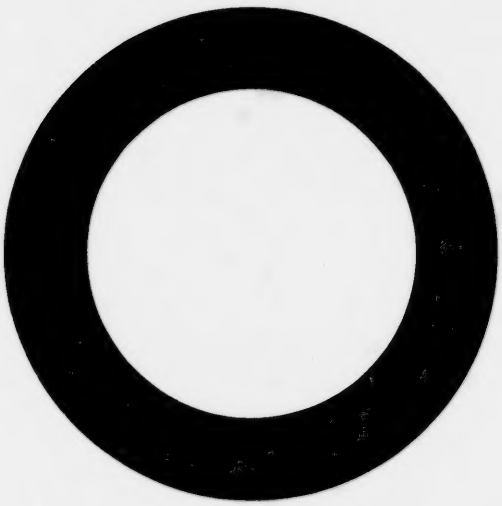
Report of the International Civil Service Commission for the year 2005

General Assembly
Official Records
Sixtieth Session
Supplement No. 30 (A/60/30)



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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACPAQ	Advisory Committee on Post Adjustment Questions
CCISUA	Coordinating Committee for International Staff Unions and Associations of the United Nations System
CEB/HLCM	Chief Executives Board for Coordination/High-Level Committee on Management
CEB/HR Network	Chief Executives Board for Coordination/Human Resources Network
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
ITU	International Telecommunication Union
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNJSPB	United Nations Joint Staff Pension Board
UNJSPF	United Nations Joint Staff Pension Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization
WTO	World Tourism Organization

Glossary of technical terms

Base/floor salary scale	For the Professional and higher categories of staff, a universally applicable salary scale is used in conjunction with the post adjustment system. The minimum net amounts received by staff members around the world are those given in this scale.
Broadbanding	A method of providing greater flexibility to reward individual performance and contribution. The term describes the action of combining and replacing several classification levels by a single, broader classification level (called a "band"). A broadbanded system is characterized by a limited number of wider bands or ranges and a bigger salary overlap between bands. Under the pay and benefits reform, the test of broadbanding in the pilot study is limited to the banding of salary levels.
Comparator	Salaries and other conditions of employment of staff in the Professional and higher categories are determined in accordance with the Noblemaire principle by reference to those applicable in the civil service of the country with the highest pay levels. The United States federal civil service has been used as the comparator since the inception of the United Nations. See also "highest paid civil service" and "Noblemaire principle".
Competencies	A combination of skills, attributes and behaviours that are directly related to successful performance on the job. Core competencies are the skills, attributes and behaviours which are considered important for all staff of an organization, regardless of their function or level. For specific occupations, core competencies are supplemented by functional competencies related to respective areas of work.
Competency-related pay	A generic concept of paying employees for the development and application of essential skills, behaviours and actions which support high levels of individual, team and organizational performance (see also "performance-related pay").
Consolidation of post adjustment	The base/floor salary scale for the Professional and higher categories is adjusted periodically to reflect increases in the comparator salary scale. This upward adjustment is made by taking a fixed amount of post adjustment and incorporating or "consolidating" it into the base/floor salary scale. If the scale is increased by consolidating 5 per cent of post adjustment, the post adjustment classifications at all duty stations are then reduced by 5 per cent, thus ensuring, generally, no losses or gains to staff.
Cost-of-living differential	In net remuneration margin calculations, the remuneration of United Nations officials from the Professional and higher categories in New York is compared with their counterparts in the comparator service in Washington, D.C. As part of that comparison, the difference in cost of living between New York and Washington is applied to the comparator salaries to determine their "real value" in New York. The cost-of-living differential between New York and Washington is also taken into account in comparing pensionable remuneration amounts applicable to the two groups of staff mentioned above.
Dependency rate salaries	Net salaries determined for staff with a primary dependant.

Employment cost index (ECI)	Under the Federal Employees' Pay Comparability Act (FEPCA) (see below), a wage index that measures the percentage change in the average non-federal sector payroll costs between two points in time is calculated. The index, known as ECI, is based on the measurement of payroll costs across the United States. ECI is used as the basis for an across-the-board adjustment to salaries of United States federal civil service employees. Under FEPCA, United States federal civil servants can also receive a locality-based adjustment.
Federal Employees' Pay Comparability Act	The Federal Employees' Pay Comparability Act (FEPCA) (1990), passed by the United States Congress, whereby the pay of federal civil service employees would be brought to within 5 per cent of non-federal-sector comparator pay over a period of time.
General Schedule	A 15-grade salary scale in the comparator (United States) civil service, covering the majority of employees.
"H" duty stations under the mobility and hardship scheme	Headquarters locations and locations where there are no United Nations developmental or humanitarian activities or locations which are in countries which are members of the European Union.
Headquarters locations	Headquarters of the organizations participating in the United Nations common system are: Geneva, London, Madrid, Montreal, New York, Paris, Rome and Vienna. While the Universal Postal Union is headquartered at Berne (Switzerland), post adjustment and General Service salaries at Geneva are currently used for Berne.
Highest paid civil service	Under the application of the Noblemaire principle, salaries of United Nations staff in the Professional and higher categories are based on those applicable in the civil service of the country with the highest pay levels, currently the United States. See also "comparator" and "Noblemaire principle".
Locality-based pay	Under FEPCA (see above), the United States Government has established approximately 30 separate locality pay areas. The locality-pay provision of FEPCA is based on average salary levels prevailing in the local labour market. For federal civil servants in a given locality, FEPCA provides for the payment of an ECI-based increase plus a locality-pay adjustment, if appropriate, for the period 1994-2002, with a view to ensuring that federal pay is brought to within 5 per cent of the non-federal pay for the locality.
Mobility and hardship allowance	A non-pensionable allowance designed to encourage mobility between duty stations and to compensate for service at difficult locations.
Net remuneration margin	The Commission regularly carries out comparisons of the net remuneration of the United Nations staff in grades P-1 to D-2 in New York with that of the United States federal civil service employees in comparable positions in Washington, D.C. The average percentage difference in the remuneration of the two civil services, adjusted for the cost-of-living differential between New York and Washington, is the net remuneration margin.
Noblemaire principle	The basis used for the determination of conditions of service of staff in the Professional and higher categories. Under the application of the principle, salaries of the Professional category are determined by reference to those

	applicable in the civil service of the country with the highest pay levels. See also "comparator" and "highest paid civil service".
Pensionable remuneration	The amount used to determine contributions from the staff member and the organization to the United Nations Joint Staff Pension Fund. Pensionable remuneration amounts are also used for the determination of pension benefits of staff members upon retirement.
Performance management	The process of optimizing performance at the level of the individual, team, unit, department and agency and linking it to organizational objectives. In its broadest sense, effective performance management is dependent on the effective and successful management of policies and programmes, planning and budgetary processes, decision-making processes, organizational structure, work organization and labour-management relations and human resources.
Performance-related pay	A generic concept involving a financial or financially measurable reward linked directly to individual, team or organizational performance, in the form of either base pay or a cash bonus payment. Terms used to describe different types of performance-related pay may vary. They include: Merit pay/performance-related pay/pay-for-performance/variable pay: these are tools tailored to relate individual base pay increases to individual results, usually through a performance appraisal scheme and a performance rating. Lump-sum bonus: a non-recurring cash lump sum related to the results achieved by an individual, team and/or agency or to recognize an intensive effort over a specific time period. May be pensionable or non-pensionable.
Post adjustment index	Measurement of the living costs of international staff members in the Professional and higher categories posted at a given location, compared with such costs in New York at a specific date.
Senior Executive Service (SES)	Officials of the comparator service in senior managerial positions are covered by provisions known as the Senior Executive Service Schedule.
Single rate salaries	Net salaries determined for staff without a primary dependant.
Staff assessment	Salaries of United Nations staff from all categories are expressed in gross and net terms, the difference between the two being the staff assessment. Staff assessment is a form of taxation, internal to the United Nations, and is analogous to taxes on salaries applicable in most countries.
Strategic bonuses	Recruitment, retention or relocation bonuses awarded to select staff or groups of staff, which are designed to attract potential staff, retain staff in service and relocate staff who, in the absence of such bonuses, could not be recruited, retained or relocated.
Tax abatement	In the context of dependency allowances, tax credit or relief provided to taxpayers who are responsible for the financial support of dependants (spouse, children, parents, etc.) in the tax systems of a number of countries.
Tax Equalization Fund	A fund maintained by, for example, the United Nations, that is used for reimbursing national taxes levied on United Nations income for some staff members.

Letter of transmittal

August 2005

Sir,

I have the honour to transmit herewith the thirty-first annual report of the International Civil Service Commission, prepared in accordance with article 17 of its statute.

I should be grateful if you would submit this report to the General Assembly and, as provided in article 17 of the statute, also transmit it to the governing organs of the other organizations participating in the work of the Commission, through their executive heads, and to staff representatives.

I avail myself of this opportunity to renew to you, Sir, the assurances of my highest consideration.

(*Signed*) Mohsen **Bel Hadj Amor**
Chairman

His Excellency
Mr. Kofi Annan
Secretary-General of the United Nations
New York

Summary of recommendations of the International Civil Service Commission that call for decisions by the General Assembly and the legislative organs of the other participating organizations

Paragraph reference	
	A. Conditions of service applicable to both categories
	1. Mobility/hardship allowance
65	Under its statutory authority, the Commission was empowered to take decisions regarding various elements of the conditions of service relating to mobility and hardship. However, bearing in mind that its revised proposals in this area responded: (a) to General Assembly resolution 57/285; (b) formed an integral part of the overall conditions of service for staff in the Professional and higher categories; and (c) was also linked to the review of the pay and benefits system, the Commission considered that it would be appropriate to make recommendations to the General Assembly on the revised mobility and hardship package rather than to take decisions. In this connection it may be noted that the Commission had followed a similar course of action when the scheme was last revised in 1989. In view of the above, the Commission decided to recommend to the General Assembly the proposed arrangements outlined in paragraph 108 and as set out in annex II.
	B. Remuneration of the Professional and higher categories
	1. Staff assessment scale to be used in conjunction with base/floor salaries
193	The Commission decided to recommend to the General Assembly that the staff assessment rates in annex VI should be used in conjunction with gross base salaries.
	2. Base/floor salary scale
193	The Commission decided to recommend to the General Assembly that the current base/floor salary scale of the Professional and higher categories of staff should be increased by 2.49 per cent through consolidation of post adjustment with effect from 1 January 2006. The recommended base/floor salary scale is presented in annex VII.

Summary of recommendations of the International Civil Service Commission to the executive heads of the participating organizations

Paragraph reference	
	Conditions of service of the General Service and other locally recruited categories
	As part of its responsibilities under article 12, paragraph 1, of its statute, the International Civil Service Commission conducted surveys of best prevailing conditions of employment for:
254	(a) The General Service and related categories of staff at Paris and recommended the resulting salary scale (annex IX) and dependency allowances to the Director-General of the United Nations Educational, Scientific and Cultural Organization (UNESCO);
257	(b) The General Service and related categories at Montreal and recommended the resulting salary scale (annex X) and dependency allowances to the Secretary-General of the International Civil Aviation Organization (ICAO).

Summary of financial implications of the decisions and recommendations of the International Civil Service Commission for the United Nations and other participating organizations of the common system

Paragraph reference

A. Conditions of service applicable to both categories of staff

1. Hazard pay

146 The system-wide financial implications of the Commission's decision to adjust the level of hazard pay for staff in the Professional and higher categories were estimated at $1,440,900 per annum.

2. Entitlements of internationally recruited staff serving in non-family duty stations

160 The system-wide financial implications relating to the move from mission subsistence allowance rates, where applicable, to the after-60-day daily subsistence allowance were estimated at about US$ 2.98 million.

B. Remuneration of the Professional and higher categories

Base/floor salary scale

190 The financial implications associated with the Commission's recommendation on an increase of the base/floor salary scale as shown in annex VII were estimated at approximately $2,811,900 per annum, system-wide. The breakdown of elements is presented in paragraph 192.

C. Remuneration of the General Service and other locally recruited categories

1. Survey of best prevailing conditions of employment in Paris

256 The financial implications associated with the implementation of the salary scale for the General Service and related categories as well as the revised rates of dependency allowances for this category of staff in Paris arising from the survey conducted by the Commission were estimated at $750,000 per annum.

2. Survey of best prevailing conditions of employment in Montreal

259 The financial implications associated with the implementation of the salary scale for the General Service and related categories as well as the revised rates of dependency allowances for this category of staff in Montreal arising from the survey conducted by the Commission were estimated at $1,170,000 per annum.

Chapter I

Organizational matters

A. Acceptance of the statute

1. Article 1 of the statute of the International Civil Service Commission (ICSC), approved by the General Assembly in its resolution 3357 (XXIX) of 18 December 1974, provides that:

> "The Commission shall perform its functions in respect of the United Nations and of those specialized agencies and other international organizations which participate in the United Nations common system and which accept the present statute ..."

2. To date, 13 organizations have accepted the statute of the Commission and, together with the United Nations itself, participate in the United Nations common system of salaries and allowances.[1] One other organization, although not having formally accepted the statute, participates fully in the work of the Commission.[2]

B. Membership

3. The membership of the Commission for 2005 is as follows:

Chairman

Mohsen Bel Hadj Amor (Tunisia)**

Vice-Chairmen

Eugeniusz Wyzner (Poland)**
Mario Bettati (France)*
Minoru Endo (Japan)*
Fatih Bouayad-Agha (Algeria)***
Shamsher M. Chowdhury (Bangladesh)***
Lucretia Myers (United States of America)*
Emmanuel Oti Boateng (Ghana)**
José R. Sanchis Muñoz (Argentina)**
Alexis Stephanou (Greece)*
Anita Szlazak (Canada)**
Vladimir Titov (Russian Federation)***
Gilberto C. P. Velloso (Brazil)*
Xiaochu Wang (China)***
El Hassane Zahid (Morocco)***

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* Term of office expires 31 December 2005.

** Term of office expires 31 December 2006.

*** Term of office expires 31 December 2008.

C. Sessions held by the Commission and questions examined

4. The Commission held two sessions in 2005, the sixtieth, which took place from 28 February to 11 March at the Economic and Social Commission for Asia and the Pacific (ESCAP) in Bangkok, and the sixty-first, which took place from 11 to 22 July at the United Nations Headquarters in New York.

5. At those sessions, the Commission examined issues that derived from decisions and resolutions of the General Assembly as well as from its own statute. A number of decisions and resolutions adopted by the Assembly that required action or consideration by the Commission are discussed in the present report.

D. Programme of work of the Commission for 2006-2007

6. The programme of work of the Commission for 2006-2007 is contained in annex I.

Chapter II

Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system

7. The Commission considered a report on actions concerning the United Nations common system taken by the General Assembly at its fifty-ninth session in 2004. The report contained details of the presentation by the Chairman of the Commission of the thirtieth annual report of the Commission to the Fifth Committee of the General Assembly, the general debate thereon in the Fifth Committee and the informal consultations held among Member States, which had led to the adoption by consensus of General Assembly resolution 59/268 of 23 December 2004, on the common system.

8. The Commission was also provided with details on resolutions and/or decisions adopted by the governing bodies of the organizations of the common system that could be of interest to it. In that connection the decisions of the General Assembly of the United Nations, the Coordination Committee of the World Intellectual Property Organization (WIPO), the Executive Board of the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the General Assembly of the International Civil Aviation Organization (ICAO) were brought to the attention of the Commission.

Views of the organizations

9. The representative of the Human Resources Network took note of the information presented. With respect to performance management, she indicated that it was within the prerogative of executive heads to decide how to evaluate their organizations' performance appraisal systems.

Views of the staff representatives

10. The Federation of International Civil Servants' Associations (FICSA) similarly took note of the report and pointed to the fact that the report had made reference to a number of issues on which its positions were well known, such as the pilot studies on broad-banding and pay for performance. Related to those studies, FICSA distributed to the Commissioners two studies on performance pay and motivation that had been carried out by Professor David Marsden of the London School of Economics, and mentioned that a paper prepared by the FICSA secretariat which provided an historic overview of the step system in the United Nations salary system had already been submitted for distribution to the Commissioners. FICSA very much welcomed the statement in paragraph 4 about ensuring consistency in and equal conditions of service throughout the common system. FICSA took the opportunity to urge all organizations to implement the new paternity leave provisions, which were most appreciated by the staff. And finally, FICSA wished to again express its reservations about introducing a Senior Management Service in the common system and wished to express its support for the review of the use of appointments under the 100 and 300 series of the Staff Rules in the staffing of field missions. Contractual arrangements were of great concern to staff in the field, including locally recruited staff, as the type of contract had an important impact on many terms and conditions of service, one of the most important of which was

access to health insurance, which was especially crucial to colleagues affected by HIV/AIDS. Contractual status also had a serious impact on staff-management relations.

11. The representative of the Coordinating Committee for International Staff Unions and Associations of the United Nations (CCISUA) noted that his organization had made a statement to the Fifth Committee and that its position remained unchanged. Although it did not support all the decisions and recommendations made it took note of the information and would follow the debate with interest.

Discussion by the Commission

12. Members of the Commission noted the information provided by the Secretariat, which they considered to be useful as it provided good insight into the informal debate; to provide a well-rounded picture, however, the report should have included a complete reference to specific decisions reflected in the text of the resolution. They confirmed that they had received the written statements of Member States, and considered that it would be convenient to have quick and easy access to news briefs on Fifth Committee matters on the United Nations Intranet in a structured way.

13. Having noted that the Fifth Committee had emphasized that an effective and credible performance system was the key for the possible introduction of a pay-for-performance system, one Commission member recalled that organizations had provided information on their performance appraisal systems some two years before. In view of the information given at that time she suggested that it perhaps would be timely for the secretariat to request from the organizations an update on their current systems. She considered that there could be value in having a reconstituted Accountability Panel conduct a review within the United Nations and in having similar management audit functions of the other organizations of the common system review their performance appraisal systems in their organizations to assess their viability as a foundation for performance pay. Another Commissioner held the view that such an update would prove most useful if it were to be carried out simultaneously with the pay-for-performance review in about two years' time.

14. The Commission agreed that, as requested by the General Assembly, the matter should be kept under review to ensure that the performance appraisal systems in volunteer organizations were developed in full consultation with staff members and that they were clear, effective and credible to all parties concerned.

15. An update on the Senior Management Service was requested of the Human Resources Network. The representative of the Network noted while there was a division in the views expressed in the Fifth Committee, the report presented to the Commission seemed rather negative. Some delegations had strongly supported the Service and the Chief Executives Board for Coordination (CEB) was currently discussing further development of the initiative, including redesignating the service, and would keep the Commission updated on the matter.

16. It was noted that in connection with resolutions and decisions adopted by the governing bodies of other organizations, the General Assembly in its resolution 59/266 of 23 December 2004 on human resources management had requested the Commission to review inter alia the practice in the United Nations of conversion to

the 100 series of the Staff Rules from other contractual arrangements. The Assembly had also requested that an analysis of the desirability and feasibility of harmonizing conditions of service in the field be provided by the Commission at its sixty-first session. The Commission noted that no action was required now and that the item would be included in its work plan for 2006.

Decision of the Commission

17. The Commission decided to take note of the information contained in the documents before it.

Chapter III
Conditions of service applicable to both categories of staff

A. Review of the pay and benefits system

1. Monitoring of the pilot study of broadbanding/reward for contribution

18. Over the course of its last several sessions, the Commission has been monitoring the pilot study on pay for performance and broadbanding which it initiated on 1 July 2004. Prior to the initiation of the study, the Commission decided on the modalities for the study in 2002 and 2003. In its 2004 sessions, the Commission reviewed the preparatory work leading up to the commencement of the study, including the readiness of the volunteer organizations to proceed with the study. Since the Commission's 2004 sessions, further developmental work had proceeded on human resources subsystems specified under some of the models approved by the Commission for application in the study.[3] The Commission reviewed the current status of the study on the basis of information provided by its secretariat, the volunteer organizations participating in the study and the consultants assisting the secretariat and the volunteer organizations.

Views of the organizations

19. The spokesperson for the Human Resources Network expressed its appreciation for the progress made in the pilot study by the participating volunteer organizations, namely, the International Fund for Agricultural Development (IFAD), World Food Programme (WFP), United Nations Development Programme (UNDP), Joint United Nations Programme on HIV/AIDS (UNAIDS) and the UNESCO International Centre for Theoretical Physics.

20. The Human Resources Network expressed its concern on the issue of flexibility with regard to the banding structure and recalled its consistent request to the Commission to allow organizations to set the bands in a manner that would best suit their individual business needs rather than applying the one-fits-all approach that the Commission had decided to adopt. The spokesperson stated that the reason for bringing up the issue again at this session was that there was important new information that would warrant a reconsideration of the banding options. The new information came from two sides:

(a) The comparator: the comparator federal civil service, which had allowed flexibility in setting bands, had moved to even greater flexibility based on experience gained with broadbanding. Not only was flexibility encouraged between agencies but, even within agencies, different bands could be established, based on respective business needs and requirements. Clearly, this development in the comparator should be an important "lessons learned" consideration for the common system's pilot study.

(b) The pilot organizations: implementation of the pilot had started or was about to start in the volunteer organizations, and the experience gained so far very clearly demonstrated the need for greater flexibility, as the Commission would hear during the briefing by each of the participating organizations. Grouping the P-5 level with P-3 and P-4 might work in one organization, but in another it might very

seriously hamper the process and prevent them from obtaining valid and useful results from this pilot study.

Furthermore the Human Resources Network believed that the benefits of introducing greater flexibility at this stage would be significant and would ensure much more realistic and useful results coming out of the pilot, whereas the costs of doing so seemed to be insignificant or non-existent.

21. The second issue raised by the Network was its concern relating to the participation of General Service staff. The Commission's position had been restrictive on this matter. Some participating organizations wished to include General Service staff together with Professional staff in their pilots. The Network explained that the reason for this must be seen in the operational realities and working methods of organizations: General Service staff contributed fully to the performance of a team as programme or operations assistants, human resources or finance assistants. Many elements of the pilot, notably feedback on team performance, would yield less than meaningful, if not distorted, results if the participation of the General Service team members were not taken into consideration. Indeed, the wish to participate had very much come from the General Service staff themselves. The Network was looking forward to the appointment of the project manager.

Views of the staff representatives

22. The representative of FICSA took note of the progress report and the remark by WFP that the proposed band structure (particularly the P-3 to P-5 band) was not the most relevant structure for the organization, as there was wide disparity between jobs graded at P-3 and those graded at P-5. She asked therefore how WFP intended to reconcile those disparities for the purposes of the pilot study. The Federation had also been following the pilot study in the UNDP Nordic office in Copenhagen.

23. FICSA reiterated its disagreement with the inclusion of General Service staff in the pilot, especially in light of the fact that the Commission had not as yet studied any broadbanding model for General Service staff. In fact, none of the three models designed for the pilot study related to this category of staff. Furthermore, with reference to the salary scale structure for General Service staff, it was unclear on which basis bonuses would be paid by UNDP for the various salary levels. Considering that no preparatory work had been carried out on this issue, there was no structural framework for the rest of the United Nations system that could validate the results that would be achieved. Consequently, the pilot study carried out by UNDP in Copenhagen and other locations in the Asia and Pacific region should in no way be misconstrued as being a significant test for the General Service staff in the rest of the United Nations common system. The Commission was asked to provide its opinion on this particular question.

24. While acknowledging that it may be the case that a few General Service staff in Copenhagen had asked to be included in the pilot study on an individual basis, FICSA cautioned that what is being done in Copenhagen could have ramifications that would go far beyond one local office. The Federation was therefore disappointed that this whole matter had not been adequately discussed with the staff representative bodies within the framework of the Commission.

25. With regard to IFAD, the representative of FICSA enquired about the size and the composition of the focus group. Regarding the attitude survey conducted in the organization, FICSA confirmed that its feedback had indicated the same results as reported by the IFAD representative. However, there was the sense that the General Service staff of IFAD wanted more information about the pilot project.

26. The representative of FICSA stated that the proposed 360-degree evaluation should be completely transparent and enquired about plans for identifying external clients. It seemed that, in the case of IFAD, the external clients would primarily be Member States as they would be the ones making the final judgement about the performance of IFAD.

27. The representative of FICSA enquired when the consultancy work aimed at creating a baseline database for the evaluation of the pilot study had actually begun and whether the staff representatives were involved in this process, especially as the UNDP/United Nations Population Fund (UNFPA)/United Nations Office for Project Services (UNOPS) staff council had indicated that they had not been involved as desired. FICSA requested the terms of reference of the consultants and the methodology used in the staff survey, noting that general conclusions should not be drawn from the results, mainly because of the limited size of the surveyed population and the particular structure of the participating volunteer organizations. FICSA requested to be kept informed of future developments on this matter.

28. The Chairman of the UNDP/UNFPA/UNOPS Staff Council thanked the Commission for the opportunity to address the issues of concern to colleagues at headquarters and in the field. The Chairman stated that the Staff Council is committed to continuing its dialogue with management and at the field level in order to safeguard the interests of staff and the organization. In order to have a more holistic and global assessment of the exercise, the Staff Council was keen to see the results of the pilot studies, not only in UNDP but collectively with the other volunteer pilot organizations.

29. He expressed concerns about pre-determined budget allocations providing pay for performance and how these would be distributed. There were also concerns about the inclusion of staff under appointments of limited duration and General Service staff in the pilot. The very nature of the appointments of limited duration contract modality (which allowed for a maximum term of employment of four years) and the inclusion of General Service staff could skew the results.

30. Regarding performance evaluation, the Chairman of UNDP/UNFPA/UNOPS Staff Council stated that this essentially came down to being a judgement call. A reliable performance appraisal system as well as certain parameters and rewards had to be in place. One should also recall that the performance could not be seen exclusively following parameters that were closer to those of the private sector. One could not forget the international and public nature of the United Nations is taken into account in assessing staff performance. Objective criteria for evaluation needed to be established and the 360-degree evaluation was important.

31. He indicated that a professional and honest evaluation of the exercise would need to be conducted and that there was a need for continuing communication among all parties. He noted, however, that continuing dialogue did not imply agreement but recognition of the fact that problems and issues of concern could be resolved or addressed only in an open and honest manner. The Staff Council's

participation in the pilot workshops should not be interpreted as an endorsement of broadbanding and pay for performance. The Staff Council was committed to see that the pilot was completed and results known. In that context, he indicated that the Staff Council remained fully engaged in the debate in the best interest of staff and the organization and in full respect of United Nations principles.

32. The representative of CCISUA requested information on the capacity of the Spectra database to safeguard staff members against subjective evaluations in the performance evaluation process. She expressed the view that cases of positive or negative subjectivity of a discriminatory nature were increasing throughout the organizations and that the proposed system did not adequately address this question. CCISUA further referred to the current reform process of the internal justice system and asked for a clarification on the capacity of the database to integrate changes in this area to fully protect the rights of staff to appeal.

Discussion by the Commission

33. After the presentations by the volunteer organizations and consultants involved in the pilot study and the full discussions by all participants that followed each presentation, the Commission addressed a number of issues that arose during the discussions. Those issues are detailed below.

(a) Study participants

34. The Commission noted that from the earliest days of the consideration of the testing of new human resources approaches, it was determined (based on input from both staff and administrations) that the testing would first proceed with the Professional and higher categories. Thereafter it was intended to examine the new approaches for application to the General Service and related categories. In the presentations made by the organizations, the Commission noted that some of the volunteer organizations had extended the test to include not only the Professional and higher categories but also the General Service and related categories (including National Professional Officers) and to staff on appointments of limited duration. While it recalled that it had granted exceptions to some of the volunteers for purposes of including some General Service staff in the current pilot study and that National Professional Officers and staff on appointments of limited duration were in fact Professional staff, the Commission considered that the study was deviating from its original purpose. In the case of the General Service, it noted that it had approved exceptions for purposes of determining pilot study participants, on the basis of testing model 3, one of three it had approved for the test. It recalled that model 3 tested the current salary structure with the elimination of steps and movement through the scale based on performance. In the case of the National Professional Officers and appointments of limited duration groupings, it noted that the salary structure and levels were considerably different than for the Professional and higher categories. The Commission understood the rationale for inclusion of those various groupings on the basis of their participation in team structures, in which all members participated in the performance of the team and therefore would be appraised accordingly. Nevertheless, the Commission considered that the primary focus of the study should be on the Professional and higher categories.

(b) Control groups

35. The Commission recalled that it had informed the General Assembly that as part of baseline information requirements, "Control groups will be established for the studies, preferably within the volunteer organizations". It noted that control groups had been identified and established for some of the volunteer organizations and were planned for others. The Commission was informed, however, that in the case of volunteer organizations with few staff, the establishment of a control group was problematic. Nevertheless, the Commission considered that it would be important to measure the progress and success of the exercise against baseline data collected from both participants and control groups.

(c) Broadbanded model

36. The Commission was informed, as part of its current study of United States/United Nations grade equivalencies (see paras. 194-211 below), that significant changes in human resources management and remuneration structures of the comparator civil service had recently occurred and were expected to continue to evolve in the near future. In this context, it noted that a variety of broadbanded structures had already been implemented in numerous departments and agencies of the comparator civil service and that it was expected that this trend would continue. It further noted that, even within a department or agency, a number of different broadbanded structures had been introduced by the comparator. Some Commission members recalled that it had often been their stated view that the United Nations system should not be a carbon copy of the comparator service. Accordingly, while the comparator service was indeed implementing broadbanded structures which differed from the Commission's approach, the rationale for the Commission's approach was based on the Commission's determination that organizations of the common system should not be competing among themselves for staff. It considered that the testing of one broadbanded structure achieved that goal. It noted that the issue of the broadbanded structure to be used in the pilot study had been the subject of considerable debate within the Commission at the time of its decision on the matter in 2003. The issue had again been raised at its current session by one pilot study volunteer organization and CEB in its statement on this item. The Commission recalled its decision that "a pilot study should be conducted of one broadbanded model"[4] which it specified.

(d) Duration of pilot study

37. When the Commission first considered the possibility of a rigorous test of human resource initiatives new to the United Nations common system, it also addressed the timing and duration of the test. While it had initially foreseen a commencement date of 1 January 2004, it considered that the volunteer organizations could benefit from a later commencement date in order to further develop necessary human resources subsystems. Accordingly, it recalled that it had subsequently decided on a commencement date of 1 July 2004. It noted, however, that the organizations, and specifically the volunteer organizations, had maintained their performance appraisal systems on a calendar year basis. From a practical standpoint, the first full performance appraisal year under the test would be for 2005. The three-year testing period would, therefore, end with the 2007 performance year. In following the progress of the test, however, the Commission expected to receive at least annual assessments of progress of all aspects of the

testing procedure as part of the annual updates. The Commission considered that the annual updates should provide solid indications of whether the test was meeting the goals and objectives set out at the commencement of the test and, consequently, the success of the initiatives being tested.

(e) Competency component of the pilot study

38. The Commission noted that one of the human resources initiatives being tested in the study is the development of competencies. It recalled that this was one of the initiatives that would be difficult to assess on an annual basis since not only would a staff member need to develop the necessary competencies but, once developed, would need to demonstrate use on the job before this element could result in a payment to staff as part of the performance pay procedures. Accordingly, a biennial evaluation was foreseen for the competency component.

(f) Peer review

39. The Commission noted that several of the volunteer organizations were testing peer review mechanisms, particularly the 360-degree peer review mechanism. It was interested in the details of the volunteer organizations' approaches in selecting the individuals in the peer review group and the role of the manager in this approach. The Commission noted that, generally, there was some agreement between manager and staff member as to the specific participants of the group. It further noted that some of the organizations had several years of experience in administering 360-degree reviews as part of their performance appraisal systems.

(g) Client feedback

40. The Commission recalled that the introduction of client feedback into the performance pay procedures was expected to trail the development of the other components of the pilot study. This was due to the relative inexperience of the organizations in using this aspect of performance measurements, although a few of them had had considerable experience with the approach. The Commission therefore addressed specific aspects of the approach, such as the determination of specific clients and the frequency and level of the feedback expected. The Commission noted that, as in the other components of the pilot study, the volunteer organizations developing client feedback mechanisms had somewhat differing details. Generally, however, both internal and external clients were being considered for feedback into the performance assessment procedure based on a limited set of questions (to avoid client "burnout") at specific evaluation intervals (in general annually). As in the case of the competency component, the Commission recalled that this component might need to be evaluated on a biennial cycle but it considered that it would await the further development of the component by the volunteer organizations.

(h) Legal considerations

41. The Commission noted that legal considerations, particularly acquired rights, had been raised in the course of the discussion of this item. It recalled that one of the primary reasons for conducting the exercise as a virtual exercise, with all provisions of the current system maintained as a baseline, was because of the legal implications of the possible revisions that would be required upon implementation of any of the initiatives being tested. It considered that once the initiatives were

more concretely determined for purposes of implementation, it would be necessary to examine all relevant legal implications. It was pleased to note that legal officers had been, and would continue to be, involved in the various phases of the testing programme.

Decisions of the Commission

42. The Commission welcomed the progress report on the pilot study, particularly as it related to the information provided by the volunteer organizations and consultants assisting in the exercise. It found the discussion of the various study issues very useful and was encouraged by the progress made thus far. It was, however, concerned about the direction that some of the test modalities were taking based on its decisions taken earlier and reported to the General Assembly in 2004. It reminded the volunteer organizations that those modalities were the basis on which the study should be conducted and that any deviation from them would require the Commission's prior approval. It requested its secretariat to provide a further progress report on this item at its sixty-second session.

2. Modernizing and simplifying allowances

(a) Spouse benefits (including dependency and single rates, salary structure)

43. In 2001, the Commission decided, as part of its review of the pay and benefits system, to undertake a comprehensive review of allowances currently payable in the United Nations common system with a view to modernizing and simplifying them. Subsequently, the Commission adopted a work programme for its review of the allowances and decided that it should review the dependency benefits, namely, spouse benefits (including dependency and single rates, and salary structure) and children's and secondary dependant's allowances in 2005.

44. At its sixtieth session, the Commission was provided with information that helped it to re-examine the rationale and the purpose of the spouse benefit for staff in the Professional and higher categories and to identify the appropriate place of the spouse benefit in the overall pay and benefits package of staff of the United Nations common system.

45. In its resolution 59/268, the General Assembly requested the Commission to report on the contemporary rationale for separate salary scales for single staff and those with dependants in the context of the report on the pay and benefits review.

Views of the organizations

46. The representative of the Human Resources Network expressed appreciation to the secretariat for a well written document. She noted that the system had evolved from an initial payment of various scattered allowances to the payment of a flat rate spouse allowance to the current application of differentiated rates of staff assessment and thus post adjustment.

47. The representative of the Human Resources Network recalled and strongly reaffirmed some of the principles underlying the current system, in particular: (a) equal pay for equal work — this principle was reflected in the fact that the gross salary for United Nations staff was the same for all, regardless of marital status or the number of children; (b) dependency rates should be regarded as a social benefit; and (c) dependency allowances are granted in recognition of the consideration that expenditures are incurred by staff members with dependants as opposed to those without dependants. As such they were fully commensurate with the equal pay for equal work principle.

48. The current system also corresponded to the systems used in the comparator and other countries in dealing with the impact of marital status and family size on personal income. In the comparator's case, different tax brackets applied based upon the marital status and the taxpayer was allowed a personal exemption for each member of his/her family. Thus, the married person with a dependant had a higher net pay to take home than a single person with no dependant, even though they both received the same gross pay. Similar systems of personal allowances that reduce taxable income based on family size were applied in the majority of national tax systems.

49. The representative of the Human Resources Network noted that the United Nations system did not operate with a tax system as such. Therefore, the current system used the staff assessment, as the closest equivalent to an income tax, to make allowances for dependency status: a staff member with a primary dependant paid

less staff assessment and thus received a higher net salary than a staff member on single status. The approach in the United Nations was fully comparable to and compatible with the approaches of national tax systems. In other words, under national systems this resulted in less take-home pay for employees without dependants. Giving up this social benefit for staff with dependants would be inequitable. Moreover, it would no doubt put the United Nations as an employer at a further competitive disadvantage.

50. The Human Resources Network believed that the current system of single and dependency rates had worked well in meeting the requirements of equity, competitivity and compatibility with the comparator. She also recalled the principle established at the start of the pay and benefits review, which affirmed that the review should not result in diminished compensation but rather should enhance the compensation package. The Network was also of the view that any changes to the single/dependency rate system were bound to entail considerable legal and administrative implications, requiring extensive study prior to any change. The Network therefore strongly believed that the current system of single and dependency rates should be maintained.

Views of the staff representatives

51. The representative of the FICSA fully supported the statement made by the Human Resources Network. He also noted that under the current system both married and single staff received the same gross salaries but that the differences in net take-home pay were a result of different amounts of staff assessment. However, FICSA supported the proposal to narrow the difference between the single and dependency rates. FICSA also noted that while some spouses were able to find work, many were unable to accept employment either because of the particular constraints of the international civil service or because of the impossibility of obtaining work permits in many countries. FICSA supported the maintenance of the current system of single and dependency rates.

52. The representative of CCISUA noted that the Staff Union of the International Labour Organization (ILO) had recently joined his Committee and it supported the views of the ILO Staff Union on this issue. CCISUA strongly felt that in no circumstances should an exercise to modernize and simplify the current calculation of social benefits be transformed in a cost-cutting exercise, without consideration for the long-term aims and goals of the organizations. As a socially conscious employer, the United Nations was committed to family benefits as part of a global compensation package to attract staff with a high level of competencies, irrespective of their individual family situation.

53. The CCISUA representative noted that the first and only comprehensive review of United Nations salary, allowances and benefits system was conducted in 1955 by a group of experts. If the current benefit was to bear any significance and have a technical credibility, it should be equally based on the work of experts. The representative felt a group should be constituted to this effect, including internationally recognized specialists in the complex field of family benefits, together with representatives of the staff and the organizations, Commissioners and representatives of established United Nations mechanisms dealing with specific aspects of family benefits.

Discussion by the Commission

54. The Commission noted that dependency benefits to staff in the Professional and higher categories were currently provided in the form of higher net salaries for staff with a primary dependant, as compared with those who have no primary dependant, and by flat-rate allowances for children and secondary dependants. A separate spouse allowance was not paid. The Commission also noted that there was one salary scale for staff with and without dependants, just as in the case of employers who did not express their salaries in net terms. The one scale was reflected in the gross amounts indicated in the common system scale, which applied equally to staff with and without dependants. Lower amounts of staff assessment were applied to gross salary of a staff member with either a dependant spouse or child, thus resulting in a higher net base salary than that of a single staff member.

55. The Commission agreed with the Human Resources Network that one of the principles underlying the current system was that of equal pay for equal work. This principle was reflected in the fact that the gross salary was the same for all United Nations staff regardless of marital status or the number of children. The Commission felt that the basic strength of the current system was that it took into account the fact that additional expenditures were incurred by staff members with dependants. That was recognized not only by the United Nations common system, but also by the United States federal civil service (the current comparator) through its tax system, where higher tax rates were applied to single taxpayers. The Commission noted that not only the comparator but a majority of countries provided a credit through their tax systems to married taxpayers. As in the case of countries that provided a credit, the United Nations also provided the same gross salaries to both staff with primary dependants and those without dependants, but through different amounts of staff assessment (internal tax), thereby resulting in higher net salaries to staff with dependants. The Commission noted that higher net salaries for dependency status were also the result of the tax systems of most countries. The Commission also noted that under social legislation in a number of countries payments for spouses were made. Other international organizations also provided higher remuneration packages to staff members with dependants than those without dependants.

56. One member noted that the Commission should clearly maintain the level of benefits for spouses and dependants but that it should question whether a system of base salary and allowances developed almost 30 years ago was still the best way to proceed. She was of the view that work realities and values had evolved over the last 30 years and that the Commission should examine how best to reflect that fact. An employee was paid to do a job, and a salary was paid as a valuation of the work to be done. What an employee should be paid to perform a job had nothing to do with that person's family status. In cases where the United Nations needed to provide additional compensation in recognition of additional expenses for staff members with spouses and dependants, it was best done through an allowance system. If such allowances were not separated from salary for work performed, the member questioned how one can have "equal pay for work of equal value". Such a differentiation was not obvious in the compensation packages provided to staff of other employers whose salaries were not expressed net of taxes. She noted that some international organizations used different approaches, including tax allowances, and suggested that the Commission should explore such options.

57. Under a performance pay system, an individual was rewarded for work and should receive a salary increase based solely on his/her performance, not on his/her family situation, that is, the increase should not be on a salary band structured to include additional costs because of the employee's family situation. Equity demanded that if there were increasing costs associated with family situations, then the relevant allowances should be adjusted for all employees regardless of their performance ratings. The member felt what she was suggesting was more equitable in today's world. She considered it discriminatory that an employee with dependants should receive higher pay for performance based on his/her marital status. Discrimination on the basis of marriage was not acceptable in an updated pay and benefits system.

58. The member recognized that there would be various implications associated with a different approach. She believed that these should be listed and examined and that options should be proposed for dealing with them. Only then would the Commission be in a position to have an informed discussion on this subject and to formulate an appropriate response to the General Assembly.

59. The Commission noted that in the comparator's system, even under a pay for performance system, employees with dependants ended up with higher net pay than those without dependants. This differentiation was again the result of the application of a tax system that provided different tax brackets based on marital status. Furthermore, the Commission noted that as of now the United Nations did not have a performance pay system and that this argument was therefore not completely relevant to the present discussion. Nevertheless, based on the practices of others with operating pay for performance systems, tax differentiations between single staff and those with dependants remained and were reflected in net take-home pay.

60. The Commission felt that the current system had worked rather well and noted that not only the United Nations made a distinction in the pay of those with and those without dependants but that this was also reflected in the tax systems in the majority of countries. If the United Nations common system were to eliminate its current differentiation, it would be one of very few institutions that did not recognize the additional expenses incurred by staff members with dependants.

61. The Commission recalled that the recognition of a spouse was effected through differing rates of staff assessment. In establishing the two rates, the Commission had decided that, in the interest of ensuring greater comparability between the remuneration of the United Nations and that of the United States federal civil service, the extent of differentiation in the remuneration of staff with and without dependants should increase as the level rose, in contrast to the practice at other headquarters countries and the effect of the differentiated post adjustment system. The Commission had also decided that the appropriate ratio should range from approximately 94 to 100 at the P-1 level to 91 to 100 at the Under-Secretary-General level. The Commission reviewed an analysis by its secretariat that showed that current staff assessment differences for single taxpayers and those with dependants is somewhat greater than justified by the tax systems of Member States. However, the Commission noted that it had not followed, in lock step, the changes in Member States tax systems since it was also necessary to reflect the needs of the Tax Equalization Fund in this respect.

62. The Commission examined the current differentiation and noted that the current ratios were 94.3 to 100 at the P-1, step I, level and 90 to 100 at the Under-

Secretary-General level and were in line with the ratio range the Commission had approved at an earlier date.

Decision of the Commission

63. The Commission decided to maintain the distinction in remuneration between staff with and without primary dependants. It also decided to maintain the current ratios between the single and dependency rates of the base/floor salary scale. Regarding the request of the General Assembly, it decided to report to the Assembly that the contemporary rationale for maintaining dependency and single rates on the base/floor salary scale was directly linked to the practices of Member States that maintain such a differentiation in their own tax systems. The distinction results in higher net salaries for staff with dependants to reflect, inter alia, the additional costs involved with additional dependants as opposed to staff without dependants. This rationale is largely the same as that used by those Member States maintaining such a distinction in their national income tax systems.

(b) Mobility/hardship allowance, hazard pay and strategic bonuses

64. The current mobility and hardship scheme was established by the International Civil Service Commission in 1989. It was approved by the General Assembly in its resolution 44/198 as part of the package of measures emanating from the 1989 comprehensive review of conditions of service of staff in the Professional and higher categories. One of the main features of the scheme was the mobility and hardship allowance.

65. The scheme was designed as a matrix comprising three elements (mobility, hardship and non-removal). Soon after the establishment of the scheme, the General Assembly expressed its concern that the scheme was pegged to the midpoint of the base/floor salary scale (P-4, step VI)[5] and that as a result the associated entitlements were automatically increased whenever the annual adjustment procedure was applied to the base/floor salary scale. The Commission responded to those concerns by carrying out a number of reviews from which it concluded that the scheme was in general operating satisfactorily in relation to its stated objectives, and it recommended to the General Assembly at its fifty-first session that the linkage to the base/floor salary together with the adjustment procedure be retained. The Assembly requested further reviews of the scheme and, in response to Assembly resolution 57/285, the Commission therefore requested its secretariat to present alternative approaches that would allow the scheme to be de-linked from the base/floor salary scale and would support the consideration of the three elements as discrete entities, and to determine the cost implications of proposed realignment or revision.

66. At its fifty-ninth session, the Commission, having examined these proposals, concluded that the complexity of the review warranted the establishment of a working group to examine the wide range of issues involved. The Commission therefore decided:

(a) To separate the mobility element from the hardship element;

(b) To de-link both the mobility and hardship allowances from the base/floor salary scale;

(c) To defer the implementation of those decisions until a new system had been put in place;

(d) To establish a working group comprising members of the Commission, its secretariat, organizations and staff representatives to develop various options for compensating staff for service in hardship duty stations and for encouraging mobility, to estimate the cost of those options, and to submit its recommendations to the Commission at its sixtieth session in spring 2005.

67. Accordingly a working group was set up for this purpose and terms of reference were established by the Commission.[6] The Working Group held two meetings, each of one week's duration, and concluded its work in time for the summer session.

68. The overall results of the Working Group's review were presented to the Commission at its sixty-first session (summer 2005). The Commission was informed that, as requested by the Commission, the guiding principle for the Group was that of cost neutrality. With that constraint in mind, the Working Group considered that cost neutrality might be attained through the transference of funds from one element to another where such a transfer would be deemed appropriate. Although each element was treated separately, the Group took into account the agreement not to erode the overall entitlements of staff and considered the proposal as a single package because of the integrated manner in which it was designed. The Commission was informed of the salient points of each proposal.

Mobility

69. Major changes proposed for the mobility element were that:

(a) Flat amount payments would replace the percentages linked to the base/floor;

(b) Differentials for single and dependency rates would be calculated by reference to flat amounts;

(c) The number of assignments would be clustered for payment purposes;

(d) Up to seven moves would be recognized instead of the current five;

(e) No extension of payments for mobility would be allowed after five years in the same location;

(f) Payments would be reviewed every three years by reference to:

(i) The average movement of net base salary plus post adjustment in the eight headquarters of the United Nations system;

(ii) Movement of the out-of-area index used for post adjustment based on inflation factors in 21 countries;

(iii) The movement of the base/floor salary scale.

70. A comparison between the current and the proposed scheme is shown in annex IIA. Current payments in dollar amounts are shown in table 1. Proposed flat amounts are shown in table 2. The proposal reflected a decrease of $22,392, which was reallocated to support an increase in the hardship component.

Table 1
Mobility amounts: current scheme
(annual amounts in United States dollars)

Group 1 (P-1 to P-3)

Dependency status

Duty station category	*Number of assignments*				
	1	*2*	*3*	*4*	*5+*
H	—	—	—	2 450	3 675
A	—	6 125	7 350	8 575	9 801
B	—	6 125	7 350	8 575	9 801
C	—	6 125	7 350	8 575	9 801
D	—	6 125	7 350	8 575	9 801
E	—	6 125	7 350	8 575	9 801

Single status

Number of assignments				
1	*2*	*3*	*4*	*5+*
—	—	—	1 838	2 756
—	4 594	5 513	6 432	7 350
—	4 594	5 513	6 432	7 350
—	4 594	5 513	6 432	7 350
—	4 594	5 513	6 432	7 350
—	4 594	5 513	6 432	7 350

Group 2 (P-4 and P-5)

Dependency status

Duty station category	*Number of assignments*				
	1	*2*	*3*	*4*	*5+*
H	—	—	—	2 816	4 224
A	—	7 041	8 449	9 857	11 265
B	—	7 041	8 449	9 857	11 265
C	—	7 041	8 449	9 857	11 265
D	—	7 041	8 449	9 857	11 265
E	—	7 041	8 449	9 857	11 265

Single status

Number of assignments				
1	*2*	*3*	*4*	*5+*
—	—	—	2 112	3 168
—	5 280	6 337	7 393	8 449
—	5 280	6 337	7 393	8 449
—	5 280	6 337	7 393	8 449
—	5 280	6 337	7 393	8 449
—	5 280	6 337	7 393	8 449

Group 3 (D-1 and above)

Dependency status

Duty station category	*Number of assignments*				
	1	*2*	*3*	*4*	*5+*
H	—	—	—	3 182	4 774
A	—	7 956	9 547	11 138	12 729
B	—	7 956	9 547	11 138	12 729
C	—	7 956	9 547	11 138	12 729
D	—	7 956	9 547	11 138	12 729
E	—	7 956	9 547	11 138	12 729

Single status

Number of assignments				
1	*2*	*3*	*4*	*5+*
—	—	—	2 387	3 580
—	5 967	7 160	8 354	9 547
—	5 967	7 160	8 354	9 547
—	5 967	7 160	8 354	9 547
—	5 967	7 160	8 354	9 547
—	5 967	7 160	8 354	9 547

Table 2

Mobility: proposed scheme with flat amounts

(annual amounts in United States dollars)

Group 1 (P-1 to P-3)

Dependency status

Duty station category	*Number of assignments*			
	1	*2-3*	*4-5-6*	*7+*
H	—	—	2 500	3 130
A	—	6 630	8 950	12 090
B	—	6 630	8 950	12 090
C	—	6 630	8 950	12 090
D	—	6 630	8 950	12 090
E	—	6 630	8 950	12 090

Single status

Duty station category	*Number of assignments*			
	1	*2-3*	*4-5-6*	*7+*
H	—	—	1 880	2 340
A	—	4 970	6 720	9 070
B	—	4 970	6 720	9 070
C	—	4 970	6 720	9 070
D	—	4 970	6 720	9 070
E	—	4 970	6 720	9 070

Group 2 (P-4 and P-5)

Dependency status

Duty station category	*Number of assignments*			
	1	*2-3*	*4-5-6*	*7+*
H	—	—	2 850	3 560
A	—	7 620	10 290	13 890
B	—	7 620	10 290	13 890
C	—	7 620	10 290	13 890
D	—	7 620	10 290	13 890
E	—	7 620	10 290	13 890

Single status

Duty station category	*Number of assignments*			
	1	*2-3*	*4-5-6*	*7+*
H	—	—	2 140	2 670
A	—	5 720	7 720	10 420
B	—	5 720	7 720	10 420
C	—	5 720	7 720	10 420
D	—	5 720	7 720	10 420
E	—	5 720	7 720	10 420

Group 3 (D-1 and above)

Dependency status

Duty station category	*Number of assignments*			
	1	*2-3*	*4-5-6*	*7+*
H	—	—	3 200	4 000
A	—	8 610	11 630	15 700
B	—	8 610	11 630	15 700
C	—	8 610	11 630	15 700
D	—	8 610	11 630	15 700
E	—	8 610	11 630	15 700

Single status

Duty station category	*Number of assignments*			
	1	*2-3*	*4-5-6*	*7+*
H	—	—	2 400	3 000
A	—	6 460	8 720	11 770
B	—	6 460	8 720	11 770
C	—	6 460	8 720	11 770
D	—	6 460	8 720	11 770
E	—	6 460	8 720	11 770

Hardship

71. Major changes proposed for the hardship element were that:

(a) Flat amount payments would replace the percentages linked to the base/floor;

(b) Differentials for single and dependency rates would be calculated by reference to flat amounts;

(c) Payments would be reviewed every three years by reference to:

(i) The average movement of net base salary plus post adjustment in the eight headquarters of the United Nations system;

(ii) The movement of the out-of-area index used for post adjustment based on inflation factors in 21 countries;

(iii) The movement of the base/floor salary scale;

(d) Higher payments would be made for assignments to more difficult duty stations.

72. A comparison between the current and the proposed scheme is shown in annex IIB. Current payments in dollar amounts are shown in table 3 and proposed flat amounts are provided in table 4. The proposal reflected an increase of $4,385,069, which was accommodated through decreases in the mobility and the non-removal elements of the current scheme.

Table 3
Hardship amounts: present system linked to midpoint of base/floor salary scale
(annual amounts in United States dollars)

	Group 1 (P-1 to P-3)		*Group 2 (P-4 and P-5)*		*Group 3 (D-1 and above)*	
Duty station category	*Dependency status*	*Single status*	*Dependency status*	*Single status*	*Dependency status*	*Single status*
H	—	—	—	—	—	—
A	—	—	—	—	—	—
B	4 900	3 675	5 632	4 224	6 365	4 774
C	9 188	6 891	10 561	7 921	11 934	8 950
D	12 251	9 188	14 081	10 561	15 912	11 934
E	15 313	11 485	17 602	13 201	19 890	14 917

Table 4
Hardship: proposed scheme with flat amounts
(annual amounts in United States dollars)

	Group 1 (P-1 to P-3)		*Group 2 (P-4 and P-5)*		*Group 3 (D-1 and above)*	
Duty station category	*Dependency status*	*Single status*	*Dependency status*	*Single status*	*Dependency status*	*Single status*
H	—	—	—	—	—	—
A	—	—	—	—	—	—
B	5 400	4 050	6 480	4 860	7 560	5 670
C	9 720	7 290	11 880	8 910	14 040	10 530
D	12 960	9 720	15 120	11 340	17 280	12 960
E	16 200	12 150	19 440	14 580	21 600	16 200

Non-removal

73. Major changes proposed for the non-removal element were that:

(a) Flat amount payments would replace the percentages linked to the base/floor;

(b) No distinction would be made between the amounts paid for duty stations H to E;

(c) Differentials for single and dependency rates would be calculated by reference to flat amounts;

(d) Payments would be made in a lump sum at the beginning of the assignment;

(e) Payments would be reviewed every three years by reference to:

(i) The average movement of net base salary plus post adjustment in the eight headquarters of the United Nations system;

(ii) The movement of the out-of-area index used for post adjustment based on inflation factors in 21 countries;

(iii) The movement of the base/floor salary scale;

(f) No extension of payment would be permitted beyond five years.

74. A comparison between the current and the proposed scheme is shown in annex IIC. Current payments in United States dollar amounts are shown in table 5 and proposed flat amounts are provided in table 6. The proposal reflected a decrease of $4,360,768, which was reallocated to support the increase in the hardship component.

Table 5
Non-removal amounts: present scheme linked to base/floor salary scale, midpoint
(annual amounts in United States dollars)

	Group 1 (P-1 to P-3)		*Group 2 (P-4 and P-5)*		*Group 3 (D-1 and above)*	
Duty station category	*Dependency status*	*Single status*	*Dependency status*	*Single status*	*Dependency status*	*Single status*
H	1 838	1 378	2 112	1 584	2 387	1 790
A	3 063	2 297	3 520	2 640	3 978	2 983
B	3 063	2 297	3 520	2 640	3 978	2 983
C	3 063	2 297	3 520	2 640	3 978	2 983
D	3 063	2 297	3 520	2 640	3 978	2 983
E	3 063	2 297	3 520	2 640	3 978	2 983

Table 6
Non-removal: proposed scheme with flat amounts
(annual amounts in United States dollars)

	Group 1 (P-1 to P-3)		*Group 2 (P-4 and P-5)*		*Group 3 (D-1 and above)*	
Duty station category	*Dependency status*	*Single status*	*Dependency status*	*Single status*	*Dependency status*	*Single status*
H	2 000	1 500	2 500	1 880	3 000	2 250
A	2 000	1 500	2 500	1 880	3 000	2 250
B	2 000	1 500	2 500	1 880	3 000	2 250
C	2 000	1 500	2 500	1 880	3 000	2 250
D	2 000	1 500	2 500	1 880	3 000	2 250
E	2 000	1 500	2 500	1 880	3 000	2 250

75. Definitions for mobility and for hardship were also recommended by the Working Group. The definitions are as follows:

Definition of hardship

76. For the purpose of the hardship scheme, hardship categorization assesses the overall quality of life at a duty station. In determining the degree of hardship, consideration is given to local conditions of safety and security, health care, education, housing, climate, isolation, or the availability of the basic amenities of life that result in a less than acceptable standard of living for staff and their families.

Definition of mobility

77. The concept of mobility includes movement within and across organizations, occupations and geographic locations. For the purpose of the mobility scheme, mobility is the geographic reassignment of a staff member for a period of one year or more from one duty station to another.

78. The Working Group also considered proposals concerning the assignment grant and hazard pay; recommendations made are presented below.

Assignment grant for A to E duty stations

79. Two-months' salary representing the assignment grant for A to E duty stations should be paid in its entirety at the beginning of any assignment which is to be for three or more years' duration.

Hazard pay

80. The definition of hazard pay should be revised to include the risk of life-threatening diseases such as the severe acute respiratory syndrome (SARS) and the Ebola virus, to which medical personnel are directly exposed in the performance of their duties. It was also recommended that hazard pay be reviewed simultaneously, on the same three-year cycle, and by reference to the same indicators proposed for updating the levels of the mobility, hardship and non-removal allowances.

81. The Working Group recommended an implementation date of 1 January 2006. However, recognizing that there would be a need to establish a comprehensive communications strategy and to introduce changes in payroll systems, it further proposed that organizations should inform the Commission at its sixty-first session of a feasible time frame within which the new arrangements could be implemented.

Views of the organizations

82. The representative of the Human Resources Network reiterated the organizations' concern at the Commission's decision to de-link the mobility and hardship allowance from the base/floor salary scale at a time when organizations were increasing their efforts to enhance the mobility of their staff within and between organizations. She recalled that the same concern had been expressed by the Deputy Secretary-General in her opening statement to the Commission.

83. The Human Resources Network was pleased to note that the proposal for a successor scheme addressed some of those concerns and wished to express its appreciation to the Working Group composed of members of the Commission, the organizations and staff representative bodies for the collaborative effort that had resulted in the proposal for a revised scheme. Noting that the Working Group had very little time — only two weeks compared to the several months that it took the 1989 review process to arrive at the current scheme — to accomplish its difficult task, the Network was grateful to the Chairman and the members of the Group for the progress it had made under such difficult circumstances.

84. The representative of the Human Resources Network noted that, with respect to conceptual issues, it believed that in the context of the ongoing reform efforts, including the review of the pay and benefits system, the new arrangements corresponded well with the overall reform objectives. The new flat rate scheme would meet the organizations' business needs by providing incentives and rewards to geographically mobile staff who were willing to take up assignments in hardship duty stations. It would be more transparent to staff and easier to administer. Noting that the proposed package would achieve the Commission's goal of cost neutrality, the Network observed that it was unfortunate that increases in the hardship element would have to be offset by a reduction in the mobility and non-removal allowances.

It, however, supported the proposed introduction of an additional mobility category for staff on their seventh and higher assignment.

85. The representative informed the Commission that it strongly supported the proposal to continue the mobility allowance for staff at H and A duty stations. She stated that organizations attached particular importance to this aspect and recalled that the Network had spoken at length on the need to distinguish between considerations that related to mobility and those that related to hardship. She asserted that for staff members who spent a large part of their careers changing duty stations, homes, professional and personal environments, the tangible and intangible impact of mobility were the same whether they moved from Katmandu to Nairobi or from Geneva to Alma-Ata or Dakar.

86. The Human Resources Network considered it strategically important that H and A duty stations be included in the mobility scheme for the purpose of encouraging and increasing inter-agency mobility, which for some organizations might include moves between headquarters locations and A duty stations. It was therefore pleased to see that the Working Group had reached agreement to maintain the mobility allowance for H and A duty stations, and it urged the Commission to endorse the recommendations of the Working Group.

87. With regard to issues related to the implementation date, the representative of the Human Resources Network noted that a starting date of 1 January 2006 would not be feasible. The General Assembly's decision, which would have significant implications for organizations' finance, payroll and Information Telecommunications systems, could not be expected before December. Relevant offices in the organizations had already emphasized the need for sufficient time to amend their systems. Organizations believed that the earliest possible starting date would be 1 July 2006. The representative emphasized the importance of designing a comprehensive communications strategy including adequate training of human resources officials, to precede and accompany the introduction of the revised scheme, for the purpose of informing staff about the new arrangements.

88. The Network noted that, prior to the starting date, clear guidelines on transitional arrangements, including the issue of acquired rights, needed to be put in place. Organizations would need to work closely with their legal advisers to determine their approach to the transitional arrangements.

89. The Human Resources Network proposed that a joint working group composed of members of the organizations, the staff representative bodies and the ICSC and CEB secretariats be established to support the process of preparing for implementation of the new arrangements.

Views of the staff representatives

90. The representative of CCISUA welcomed the establishment of a working group to continue discussion of the subject with a view to presenting options for the development of a system to compensate staff serving at difficult duty stations and to make proposals to the Commission on options to replace the current mobility and hardship scheme. However, by de-linking the mobility and hardship allowance from the base/floor salary, it was clear from the outset that the whole exercise was primarily aimed at cost neutrality and cost-cutting.

91. The representative of CCISUA informed the Commission that its representative in the Working Group had noted in his report that, although a general feeling of cooperation among all parties was predominant during both meetings of the Working Group, he had personally experienced deep frustration because of time pressure to arrive at a compromise in the final phases of the work.

92. At a time when organizations were enforcing a strict policy of mobility for all staff in all duty stations, CCISUA deplored any reduction in the benefits and allowances of staff, especially those called upon to serve in difficult conditions and in dangerous parts of the world, very often in non-family duty stations. Furthermore, as organizations needed to recruit and retain staff with the highest professional and personal qualities to fulfil their global mandate, they could not disregard those allowances and benefits, which were important elements of the employment package.

93. CCISUA welcomed the recent establishment of a working group in the context of the Human Resources Network to begin consideration of guidelines on transitional arrangements to protect acquired rights, the training of human resources officials and the establishment of a comprehensive communications strategy in view of a possible implementation date of 1 July 2006. It hoped that the continuing debate would take account of the vital need to maintain the acquired rights of staff and work towards improving rather than eroding entitlements.

94. The representative of FICSA agreed with the views expressed by the Human Resources Network and also emphasized the good cooperation that had prevailed, particularly between the organizations, staff and the ICSC secretariat during the meetings of the two working groups that led to the proposals contained in the document before the Commission. FICSA also expressed its appreciation for the working group format, which had proved to be an effective way in which complex issues could be considered.

95. The representative stressed that the proposed package before the Commission was the result of two weeks' intensive work that had been undertaken in a highly collaborative manner in a short time span and within constraints already imposed on the working groups, that is, a pre-determined mandate to de-link the mobility and hardship allowance from the base/floor salary scale, the need to de-link the elements of mobility and hardship from each other and, at the same time, the need to maintain cost neutrality and to ensure that there would be no erosion in benefits under the scheme.

96. FICSA also noted that one positive aspect of the proposed scheme was the increase in hardship payments, which no doubt recognized the increase in the number of hazardous and non-family duty stations in which staff were working.

97. FICSA also agreed with the proposal made by the Human Resources Network that, in view of the fact that organizations could not technically promulgate a new scheme until 1 July 2006, the existing scheme should continue to operate, with the adjustment in payments that this implied, until that time. Furthermore, FICSA supported respect for the acquired rights of staff and also, as a matter of good governance and good human resource practice, FICSA fully supported the granting of transitional allowances to staff as a means of phasing out the current scheme.

Discussion by the Commission

98. The Commission noted with appreciation the spirit of collaboration with which the work had been conducted by the Working Group and it thanked the members of the Group for arriving at a consensus on a viable model that could be accepted by all parties. It also noted in the context of mobility that some members of the Working Group had not considered it necessary to continue incentives for staff to move from H to A duty stations. However, recognizing that staff at H duty stations were eligible to receive payments only from the fourth assignment and provided that they had served two previous assignments at a duty station in category A to E, the general agreement was that H and A duty stations should be included in the scheme in recognition of the dislocation inherent in any reassignment. It also noted that the working group had explored the use of discretionary payments to incentivize mobility. However, the group concluded the organizations were not now in a position to implement such a concept.

99. The Commission also noted the modalities proposed for compensating assignments in clusters up to and beyond the seventh move. It believed that this arrangement would further encourage mobility of staff. Similarly, discontinuing the reduced rate to staff after five consecutive years at the same duty station would further encourage regular movement of staff. In the context of the proposed arrangements for hardship, the Commission supported the approach of the Working Group in deciding to compensate staff at more difficult duty stations categorized by levels C, D and E.

100. Having received the proposals of the Working Group with respect to the non-removal allowance, the Commission supported the rationale for the payment of the allowance as an advance lump sum upon assignment, as it would better serve its original purpose of assisting staff when full household removal was not applied. It considered that the use of an advance lump sum would be a mitigating factor to offset the planned reduction of the current non-removal allowance. The Commission noted that the Working Group had recommended that there should be no distinction between headquarters and field duty stations in applying the non-removal element and, in the interest of maintaining equity, agreed to support the proposal despite doubts expressed by a few Commission members.

101. The Commission endorsed the Group's recommended procedure for paying the full amount of two months' salary in advance as a lump sum if the assignment to a field duty station were to be of three or more years' duration. It was believed that not only would the advance payment serve the original purpose of assisting staff in settling into the new duty station, it would also be simpler to administer.

102. The Commission approved the definitions proposed for mobility and hardship and the proposal to update the definition for hazard pay. It considered that the proposed arrangements for mobility, hardship, non-removal and assignment grant were appropriate, as were the modalities and review cycle proposed for updating the allowances. It, therefore, endorsed the complete package as proposed and as set out in annex II.

103. Concerning the new arrangements for mobility, hardship and non-removal, the Commission observed that the Working Group had considered an implementation date of 1 January 2006. The organizations had proposed an implementation date of 1 July 2006, as they recognized that, assuming the General Assembly's approval at

the end of 2005, several activities would have to be carried out before the new arrangements could be put into effect. Their payroll systems would need to be reprogrammed for the new arrangements and a comprehensive communications programme to inform staff of the changes to the mobility and hardship scheme would have to be launched.

104. Commission members agreed that, in view of action required, 1 July 2006 appeared to be an acceptable date for implementation. They recalled that the Commission had taken a decision at its fifty-ninth session in 2004 to de-link both the mobility and the hardship allowances from the base/floor salary scale and to defer the implementation of that decision until a new system had been put into place.

105. Some Commission members argued that entitlements should be frozen at the 2005 level while others believed that it would be correct to continue operating the current scheme until the new arrangements had been put in place. That would, in their opinion, be in accordance with the decision that the Commission had taken in 2004. Those Commission members noted the difficulties facing the organizations given the administrative and financial costs of running two parallel systems. Staff would have to be made aware of the reduced amounts under the new arrangements. The consensus was that the implementation should be as from 1 July 2006 and that the current system should continue to operate in the meantime, resulting in a cost of $1.19 million for the first six months of the year 2006.

106. One member of the Commission could not join the consensus on the decision to keep the link between the mobility and hardship with the base/floor salary scale until the new system was in place. That member was of the opinion that the mobility and hardship scheme should be de-linked from the base/floor salary scale effective 1 January 2006. Payments for mobility and hardship would be maintained at their present levels until the new system was implemented in July 2006. In the opinion of that member, to do otherwise would create an unintended windfall for some staff since their payments would increase in January 2006 while under the new scheme their payments would be below the present levels when the new system is implemented in July 2006.

107. Further, in the view of that member to honour the acquired rights of staff the payments could continue at the enhanced rate for an indefinite period. The first-year cost to the common system, if the mobility and hardship allowance was not de-linked in January 2006, would be $2.38 million for the year 2006.

Decisions of the Commission

108. The Commission decided to approve the definition of the criteria for hazard pay as proposed in annex III and further, to recommend to the General Assembly:

(a) To approve the proposed arrangements for mobility, hardship, non-removal and the assignment grant as set out in annex II;

(b) To implement the new systems with effect from 1 July 2006;

(c) To approve the definitions of hardship and mobility as outlined in annexes II and III.

(c) Education grant: review of the methodology for determining the level of the grant

109. The Commission, under its ongoing review of the pay and benefits system, continued to review the methodology for determining the level of the education grant. Within this framework, it considered its secretariat's proposals relating to the lump-sum approach to determining the level of the grant, including the general outline of the lump-sum approach, and specific issues relating to the selection of representative schools, the proposed new currency zoning for education grant ceilings, the adjustment of the maxima and cost controls, the individual certification requirements and the periodicity of the review of education grant levels.

Decision of the Commission

110. The Commission decided to request its secretariat to continue its work, in cooperation with the organizations and the representatives of the staff, on the development of proposals on the review of the methodology for determining the level of the education grant on the basis of current underlying principles of the scheme and, in particular, the lump-sum approach. It also requested the secretariat to develop models illustrating the practicality of the various review proposals with a view to ensuring fairness, simplification and cost control and to report to the Commission on this issue at its sixty-third session.

B. Contractual arrangements

111. The Commission has examined the question of contractual arrangements on several occasions in accordance with article 15 of its statute. The main focus of its work has been on career and non-career civil service issues and the rationalization of the wide range of contractual appointments in the organizations of the United Nations common system.

112. Following extensive reviews of the subject, the Commission decided that three categories of appointments would adequately respond to the needs of the organizations: indefinite or continuing appointments, fixed-term appointments and temporary appointments. It requested its secretariat to prepare a model contract for each of the three categories, outlining the key characteristics for each category. The characteristics should include details such as duration of tenure, mobility requirements, the requirement for a probationary period, procedures for progression to other contract types, compensation packages, social security and health insurance provisions and procedures for extension or termination of contract.

113. At its fifty-ninth session, the Commission reviewed the draft model contract for each of the categories that had been prepared by its secretariat. It requested that the models be further refined in collaboration with the organizations and staff and presented to it at its sixtieth session. At that session, the Commission was provided with a revised model that outlined the framework of guidelines that had been developed for each category in collaboration with organizations and staff.

Views of the organizations

114. The representative of the Human Resources Network recalled that it had previously voiced disagreement with the proposed models that had been presented to the Commission at its fifty-ninth session and had regretted the absence of a

process of consultation and collaboration with the organizations. She stated that the situation was now quite different as the ICSC secretariat had initiated a process of consultation with the Network in the latter part of 2004. She expressed the appreciation of the Network for the positive and constructive spirit in which the secretariat had pursued the consultations.

115. The Human Resources Network agreed that the draft document of the ICSC secretariat had taken into account many of the concerns expressed by the organizations and the proposed text was now acceptable to the Network as a framework for contractual arrangements.

Views of the staff representatives

116. The representative of FICSA expressed appreciation for the fruitful experience shared in the collaborative process and commended the secretariat on the flexibility that was shown in arriving at the final draft, despite the fact that a few points of disagreement remained unresolved. He reaffirmed his organization's non-support of time limits on continuing contracts and its conviction that a two-year probationary period was too long. He stated that FICSA agreed that mobility requirements must be reflected in contractual instruments and shared the view of the Human Resources Network that the document was acceptable as a framework for contractual arrangements.

117. The representative of CCISUA also expressed appreciation for the opportunity to share in the collaborative process in which participants wrestled with conflicting approaches. He reiterated the belief of CCISUA that permanent contracts provided safeguards for the independence of the international civil service. CCISUA was therefore convinced that there should be no time limits on continuing contracts.

Discussion by the Commission

118. The Commission expressed its appreciation that the collaborative work among the secretariat, organizations and staff appeared to presage an end to the extensive deliberations that characterized the work on contractual arrangements. Noting that the question of continuity was a critical one for a career civil service, some members pointed out that in its present form the draft proposed two contradictory concepts for a continuing appointment — one that was open-ended and the other with a time limit of five years or more. By its very nature a continuing appointment could not have a defined duration and to provide for five-year periods of renewal under that category would create an overlap with fixed-term appointments.

119. Despite the fact that the expression "continuing periods of five years or more" reflected some idea of continuity, the general opinion was that a continuing appointment should not be time-bound. In order to make a clear distinction between a fixed-term and a continuing appointment, the Commission therefore agreed that there should be no time limits on the continuing appointment and that five-year contractual arrangements should be covered under the fixed-term category. Bearing in mind, however, the desirability of regularly monitoring the provision of open-ended contracts on a continuing basis, the Commission stipulated that organizations should ensure that their staff rules provide for periodic reviews to confirm the validity of continuation.

120. The idea of introducing a probationary period following a promotion, which had been discussed on previous occasions, was explored further. Upon clarification of internal processes by the organizations, it was believed that other approaches were available to deal with this issue. A promotion implied a new arrangement following competitive procedures and would therefore be governed by a new contractual agreement that would include a probationary period as set out in the framework.

121. The Commission debated the appropriate section under which the standards of conduct should appear. Some members held the view that it should be prominently reflected in the framework, while others believed it should be stated in a chapeau governing all three categories. The Commission recalled that having recently refined and promulgated the standards of conduct, it would be appropriate to include a reference to them in a preamble as a guiding principle and also to retain them within the body of the contractual instrument to serve as a reminder to staff of his/her moral obligations as an international civil servant.

122. One member noted that no reference had been made of inter-agency mobility requirements. It was pointed out that mobility requirements as outlined in the framework referred only to intra-agency mobility because the guidelines had been developed to govern the agreement between the staff member and his/her individual organization. Inter-agency mobility could not therefore be included in that framework since it was also covered by the inter-agency agreement.

123. The Commission discussed the need to define procedures for moving from one type of contractual arrangement to another. Some members asserted that the definition of such procedures should be unambiguous and should not imply any automaticity of movement from one category to another. They believed that any inference of progression would build undue expectations for staff and would prevent organizations from having the flexibility to successfully manage five-year contracts as it would force them to convert these to continuing appointments. Use of open and transparent selection procedures for movement from one type of contract to another would dispel the notion that there could be an automatic conversion from one contract type to another. These procedures would be defined in the Staff Rules of the organizations.

124. Some members noted that the organizations had been requested to provide information on the distribution of staff by contractual category and that such information would be useful in broadly determining the profile across the common system. This information was provided during the discussion.

125. The idea of reflecting the requirement for equitable geographical distribution was discussed in connection with procedures for extension or for acquiring another contract type. In that connection, the Commission noted that the principle of geographical distribution was not applied in all organizations (for example in those funded from voluntary contributions) or even to all posts in others. As each organization applied the principle in the form of recruitment criteria and in accordance with its programme requirements, it would not be appropriate to include this matter in the current document which dealt with contractual issues subsequent to recruitment. Therefore as equitable geographical distribution was a guiding principle for an international civil service it would be sufficient to include it in a preamble instead of within the framework.

126. There was some debate concerning the proposal to define the duration of a fixed-term appointment as one that was "normally expected to be of at least one year's duration" so as to accommodate a few organizations that were sometimes obliged to award fixed-term contracts for periods of less than one year because of circumstances such as the temporary unavailability of funds resulting from budget cycle constraints or lack of medical certification. In the view of some members, an appointment of less than one year should not be included in the fixed-term category. It was pointed out, however, that the distinction between contractual arrangements was not simply concerned with the duration of a contract, but was based on the nature of the work to be performed, such as whether the functions were of a continuing or regular nature versus temporary functions for specified needs. Instead of referring to fixed-term contracts as "normally being of one year's duration", it was decided that a reference would be made to exceptional or special circumstances under which a fixed-term contract of less than one year could be given.

127. The Commission confirmed the existence of two types of requirements under temporary appointments; one of a short-term nature for less than one year and the other for functions that could be required for up to four years to accommodate urgent operational requirements for defined periods, such as peacekeeping operations, humanitarian assistance or special projects.

128. The Commission agreed that it now had consensus on a viable framework that could be implemented by the organizations. It expected the organizations to ensure that their staff regulations and rules of the organizations comply with this broad framework and to adapt them in those cases in which they were not compatible.

Decisions of the Commission

129. Accordingly, the Commission decided:

(a) To adopt the framework of guidelines for contractual arrangements as amended and set out in annex IV to the present document;

(b) To submit its final report to the General Assembly at its sixtieth session.

C. Hazard pay: review of the level

130. The Commission introduced hazard pay (also known as exceptional measures for hazardous conditions) in 1984. The criteria established at the time for the payment of hazard pay, and endorsed by the General Assembly, were the following:

(a) Service at duty stations where very hazardous conditions, such as war or active hostilities, prevail;

(b) Service at duty stations where the evacuation of families and non-essential staff has taken place.

131. In 1998, the Commission, at its forty-seventh session, decided that the review of hazard pay should take place every three years. The last review was in 2002, and at that time the Commission decided that:

(a) The level of hazard pay for international staff should be maintained at the current level of $1,000 per month;

(b) The level of hazard pay granted to locally recruited staff should be increased to 30 per cent of the midpoint of local salary scales.

At the request of the General Assembly, the Commission reviewed its decision with respect to the level for locally recruited staff and subsequently decided that hazard pay granted to locally recruited staff should be increased to 25 per cent of the midpoint of the local salary scale and that the decision would be implemented from 1 June 2004.

132. The Commission was presented at its sixty-first session with proposals to:

(a) Revise the level of hazard pay to internationally recruited staff to fall within a range of $1,165 to $1,500;

(b) Retain the level of hazard pay for locally recruited staff at the current level;

(c) Revise the criteria for payment of hazard pay;

(d) Apply the same adjustment mechanism and periodicity for review as those established for the mobility, hardship and non-removal allowances.

Views of the organizations

133. The representative of the Human Resources Network informed the Commission that the Network agreed with the proposals put forward by its secretariat. The Network emphasized that staff must be properly supported and compensated, particularly those who worked in difficult and dangerous locations. Each year, more staff worked in hazardous duty stations, without their families and other means of support. The Network requested the Commission to recognize this service by adjusting the level of hazard pay for internationally recruited staff to $1,500 per month. The Network considered that this increase was fully justified, particularly in view of the strong devaluation of the United States dollar vis-à-vis some currencies since 2001.

134. With regard to the level of hazard pay for locally recruited staff, the Human Resources Network agreed that it should remain unchanged, as it had been adjusted only last year. The Network also agreed with the proposed revised definition of hazard pay, which took into account situations where staff were directly exposed to life-threatening diseases in the performance of their functions. Furthermore, the Network agreed with the adjustment mechanism and the proposed three-year review cycle proposed by the secretariat.

135. The Human Resources Network recommended that in future, the levels of hazard pay for internationally and locally recruited staff be reviewed simultaneously, mainly to address the occasional perception that local staff did not receive the same increases in benefits as internationally recruited staff.

Views of staff representatives

136. The representative of CCISUA informed the Commission that CCISUA was in full agreement with the recommendations put forward by the secretariat, notably, with regard to those staff exposed to life-threatening diseases. Moreover, CCISUA supported the proposal made by the Human Resources Network to increase hazard pay for internationally recruited staff to $1,500, taking into account the weighted

average inflation rate for headquarters duty stations, as actually required by the methodology for hazard pay.

137. The representative of FICSA strongly supported the payment of hazard pay to both Professional and locally recruited staff. However, FICSA, as it had stated many times before, while recognizing that in fact the amount of hazard pay was symbolic, nevertheless objected to the labelling of hazard pay as such.

138. FICSA expressed support for an increase in the level of hazard pay for Professional staff and noted the proposed adjustment mechanism for increasing the amount of hazard pay at three-year intervals.

139. FICSA supported the expanded definition of hazard pay that had been proposed by the working group that met in Cyprus to review the mobility and hardship allowances.

140. The Federation took the opportunity to inform the Commission that its efforts to secure hazard pay for area staff of the United Nations Relief and Works Agency for Palestine Refugees in the Near East in the West Bank and Gaza were ongoing and that FICSA was continuing its dialogue with the Office of the Secretary-General in order to resolve this matter. In this connection, FICSA expressed appreciation for the support that the Commission had shown last year and welcomed any renewed expression of support at its current session.

Discussion by the Commission

141. The Commission noted that the secretariat's recommendation that the level of hazard pay to internationally recruited staff be set within a range of $1,165 to $1,500 did not follow the methodology that had been established for review. It recalled the decision taken at its forty-seventh session to change the review cycle from two to three years and to use as a reference point at the time of the next review, in addition to salary levels, inflation rates at the seven headquarters duty stations. The range proposed had been calculated on the basis of salary movements between 1998 and 2005 and the inflation index for the same period. This approach would result in double counting, as inflation had already been taken into account in the movement of salaries. The opinion of the members was that the methodology, which had intended that salary levels and inflation rates be used as reference points, should be adhered to and the range should be set between $1,165 (based on salary movements) and $1,313 (based on weighted average inflation rates at headquarters duty stations). It was therefore agreed that the level of hazard pay to internationally recruited staff could be established at $1,300. It was further agreed that the level of hazard pay to locally recruited staff, which had been increased with effect from 1 June 2004 to 25 per cent of the midpoint of the local base salary scales for General Service staff, should remain unchanged.

142. Members of the Commission noted that the term "symbolic" had been applied to hazard pay to indicate recognition of the inability to appropriately compensate dedicated staff who worked in hazardous conditions. In the Commission's view, a price could not be placed on life. In the light of staff concerns over the negative connotation carried by the term, however, it was agreed to review its use at the time of the next review.

143. The Commission further noted the recommendations made by the working group that had been established to review the mobility and hardship scheme. The

working group had proposed that hazard pay be reviewed on the same three-year cycle as, and simultaneously with, the review of the allowances for mobility, hardship and non-removal. The same indicators used to update these allowances, set out below, should be applied in reviewing the level of hazard pay namely:

(a) The average movement of net base salary plus post adjustment at the eight headquarters duty stations of the United Nations system;

(b) Movement of the out-of-area index used for post adjustment based on inflation factors in 21 countries;

(c) The movement of the base/floor salary scale.

144. The Commission endorsed this recommendation.

145. The Commission noted that the working group had also recommended that the definition of criteria for the application of hazard pay be revised as a result of the emergence of fatal diseases such as severe acute respiratory syndrome (SARS) and the Ebola virus, which put at risk medical personnel who were directly exposed to these life-threatening diseases in the performance of their duties. It decided to adopt the definition appearing in annex III to the present report.

146. The financial implications for the revised level of hazard pay were estimated at US$ 1,440,990 based on the locations where hazard pay was currently authorized.

Decision of the Commission

147. The Commission decided to:

(a) Reiterate its commitment to the principle of hazard pay and to express its appreciation for the dedication and commitment of all those staff working in hazardous conditions;

(b) Establish the level of hazard pay for internationally recruited staff at $1,300 per month as of 1 January 2006;

(c) Retain unchanged the current level of hazard pay for locally recruited staff (25 per cent of the midpoint of the local salary scale for General Service staff);

(d) Approve the periodicity of the review and reference point for setting the hazard pay as set out in paragraph 143 above;

(e) Establish the criteria for payment of hazard pay as defined in annex III to the present report.

D. Entitlements of internationally recruited staff serving in non-family duty stations

148. In response to General Assembly resolution 59/266, the Commission considered the issue of harmonization of practices relating to the entitlements of staff serving at non-family duty stations at its sixtieth and sixty-first sessions. For the consideration of this item, the Commission had before it detailed information on the practices of common system organizations relating to the entitlements of staff serving in non-family duty stations and on their ongoing efforts to harmonize the entitlements, where operational requirements permitted. In response to the Commission's request, an additional report was provided to ICSC by the

organizations, which, inter alia, explained the specific rationale for maintaining separately the special operations approach and the mission subsistence approach, contained a tabular comparison of the various remuneration elements received by the staff under the two approaches and indicated the number of locations at which more than one of the approaches were applicable at the same time to the staff of different organizations.

Views of the organizations

149. The representative of the Human Resources Network was pleased to confirm that the goals set by the Commission for the organizations in this area had been achieved. After its meeting in December 2004, the working group, chaired by the United Nations Conference on Trade and Development, provided the Commission with a detailed overview of the current state of affairs and the inter-agency frameworks for the special operations approach and the rest and recuperation scheme.

150. As a result of this fruitful collaboration among organizations, the Human Resources Network agreed in the future to coordinate and oversee both the rest and recuperation scheme and the determination of locations at which the special operations approach would be applied through a working group on non-family duty stations.

151. The representative of the United Nations indicated that an increasing number of field-oriented organizations, which now included Office of the United Nations High Commissioner for Refugees (UNHCR), UNDP, United Nations Children's Fund (UNICEF), United Nations Population Fund (UNFPA), United Nations Office for Project Services (UNOPS) and World Health Organization (WHO), applied the special operations approach with respect to their staff serving in non-family duty stations. The Commission was informed that WHO had implemented the special operations approach. WFP was in the process of implementing the special operations approach in respect of staff serving in non-family duty stations. It was also confirmed that Food and Agriculture Organization of the United Nations (FAO) was in the approval process with their executive body for the special operations approach. The organizations were committed to maintaining and further harmonizing this approach together with other organizations.

152. She informed the Commission that the organizations had agreed on a revised procedure to calculate the special operations living allowance, which would be a monthly payment based exclusively on the daily subsistence allowance after 60 days. To enable organizations to make the adjustments, it would be necessary for the ICSC secretariat to update all non-capital-city daily subsistence allowance rates on a regular basis and to update all daily subsistence allowance rates that had not been adjusted within the past six months.

153. She stated that the organizations had agreed to use common nomenclature to describe already existing measures. The organizations using the rest and recuperation scheme had made a commitment to harmonize their provisions, while the organization using the occasional recuperation break scheme, namely, the United Nations, had agreed to harmonize its cycles, where possible, to those of the rest and recuperation scheme.

154. She noted that, in view of the unique characteristics of United Nations peacekeeping and related missions, in particular the relatively short and unpredictable duration of special mission service, it was not cost-effective to install staff and give them the entitlements of a regular duty station. Such staff received mission subsistence allowance in accordance with United Nations Staff Rules which were approved by the General Assembly. Unlike the daily subsistence allowance which was a subsistence allowance for business travellers, mission subsistence allowance represented the total contribution of the Organization towards the living expenses of mission staff; it was paid in lieu of post adjustment, mobility and hardship allowance and assignment grant. Moreover, mission subsistence allowance was paid not only to staff, but also to military observers and civilian police officers.

155. She indicated that the rationale for maintaining two separate systems was the need to address two situations which were very different in a number of ways: the mandate of the organizations or mission, the duration of assignment, the type and limitation of employment, the manner and purpose of deployment, the number of staff in a duty station or mission area, family considerations and eligibility to receive entitlements. While the special operations approach was used by the funds and programmes for staff who were assigned for longer but defined periods and with traditional entitlements, the United Nations used mission subsistence allowance for a specific group of staff, that is, exclusively for those assigned to special peacekeeping operations and for political and peacebuilding missions, which by nature were undefined in duration, budgeted for the short term and covered complete countries or wider regions.

156. It was pointed out that the existence of two separate regimes was due to the different needs and requirements addressed by each of them. She indicated that there were currently 12 duty stations where both the special operations approach and mission subsistence allowance approaches were applicable. Currently, mission subsistence allowance was payable to 4,615 international civilian staff and to 10,212 civilian police and military observers who were non-staff mission personnel. The special operations approach covered 1,144 staff members.

Views of the staff representatives

157. The representatives of FICSA and CCISUA commended the organizations for their efforts to provide family-friendly working arrangements to their staff. FICSA fully supported the conclusions reached by the organizations, that is, that the mission subsistence allowance and special operations approach should be kept as two separate systems. This would not only support the differing organizational needs but would also concur with the views expressed by FICSA members at field duty stations.

Discussion by the Commission

158. The Commission welcomed the efforts of the organizations aimed at ensuring a harmonized and equitable approach to the entitlements of common system staff serving in non-family locations. It was also pleased to receive comprehensive and detailed information on the subject. Based on the additional information received from the organizations, it noted the rationale to maintain two separate regimes with regard to staff serving in non-family duty stations, which was explained by the different needs and requirements of the organizations. It also noted that according to

the tabular data provided, the total remuneration packages of internationally recruited staff received under the special operations approach and mission subsistence allowance approach were largely comparable.

159. With regard to the need to update the daily subsistence allowance rates as a component of the harmonization effort, the Commission was informed that, to a major extent, the success of that task depended on the responsiveness of the organizations in the field to the ICSC secretariat's requests for daily subsistence allowance data and, in particular, on their prompt completion and submission of daily subsistence allowance questionnaires.

160. The Commission noted that the financial implications relating to the move from mission subsistence allowance rates, where applicable, to the after-60-day daily subsistence allowance were estimated at about US$ 2.98 million system-wide. It was pointed out, however, that the situation was highly fluid and depended on the results of periodic daily subsistence allowance reviews and the number of staff employed in non-family duty stations under the special operations approach. In addition, the view was expressed that the benefits of uniformity and fairness that were achieved by the harmonization of the approaches of different organizations to the entitlements of their non-family duty stations' staff was an extremely important and welcome development.

Decisions of the Commission

161. The Commission agreed with the rationale for maintaining two separate approaches under the special operations and the mission subsistence regimes, which were applied to address the different needs and requirements of different groups of personnel serving under different types of appointments. While the special operations approach was used with respect to staff members assigned for longer but defined periods and with traditional entitlements, the mission subsistence allowance approach applied exclusively to a specific group of staff assigned to special peacekeeping operations and for political and peacebuilding missions.

162. The Commission also welcomed the efforts by the organizations aimed at harmonizing their practices with regard to the entitlements of staff serving at non-family duty stations and endorsed the proposed change from mission subsistence allowance to the after-60-day daily subsistence allowance rate as the basis for calculating the special operations living allowance under the special operations approach.

Chapter IV
Conditions of service of the Professional and higher categories

A. Evolution of the United Nations/United States net remuneration margin

163. Under a standing mandate from the General Assembly, the Commission continued to review the relationship between the net remuneration of United Nations staff in the Professional and higher categories in New York and that of United States federal civil service employees in comparable positions in Washington, D.C. (hereinafter referred to as "the margin").

164. The Commission was informed that the net remuneration margin for 2005 had been estimated at 111.1 on the basis of the approved methodology and existing grade equivalencies between United Nations and United States officials in comparable positions.

Views of the organizations

165. The representative of the Human Resources Network noted that the margin data showed that of the seven grade levels in the Professional and higher categories, three had almost reached the lower end of the margin (P-1, P-4 and P-5) and one grade (D-1) had fallen below the margin. Given these developments, the Human Resources Network requested the Commission to recommend to the General Assembly that it consider a real salary adjustment that would bring the remuneration margin closer to the midpoint of 115.

166. The representative of the Human Resources Network noted that there was seldom a good time to request a pay increase. The Network was well aware of that and, in fact, the Network had debated at some length the complex considerations that came to mind, but in the end concluded that the request for an adjustment was not a request for a salary increase but, more importantly, a request for adherence to the existing methodology. In 2004, the General Assembly had reaffirmed that the range of 110 to 120 for the margin should continue to apply, on the understanding that it should be maintained around the midpoint of 115. The Human Resources Network raised the question: if the methodology were not to be applied now, thus further eroding the Noblemaire principle, should it continue to be called a methodology? Organizations were firm in their belief that now was the time to apply the methodology.

167. Of course, underlying this belief was the keen awareness on the part of the organizations that they were no longer competitive and that it was becoming increasingly difficult to attract and retain the expertise, often highly specialized expertise, they required to retain their effectiveness and high level of performance. This applied particularly to the D-1 level, which had now slipped below the lower end of the margin — and which was precisely the level that held key managerial responsibilities in organizations and was held accountable for leading and implementing change and reform. The representative of the Human Resources Network noted that not correcting this problem would only lead to the erosion of managerial capacity across the system, especially when one considered the large proportion of managerial staff who were expected to retire over the next five years.

168. Replying to the comment on possible buyouts by the United Nations, he found it strange that a managerial tool could be used as a pretext for not applying the methodology.

169. The representative of the United Nations stated that although her organization was involved in a wide-ranging comprehensive reform, it was premature to refer to a staff buyout programme — a human resources tool designed to address a very particular situation — since the details of the scheme had not been discussed or worked out. Moreover, she saw more logic in linking the margin adjustment to the competitiveness of the common system than to the buyout programme. She also drew the Commission's attention to the statement made by the Deputy Secretary-General that the remuneration levels in the common system were not competitive in the international labour market.

Views of the staff representatives

170. The representative of FICSA supported the views expressed by the representative of the Human Resources Network. The Commission was informed of the margin appeal that FICSA had launched and of the subsequent decision of the International Labour Organization Administrative Tribunal (ILOAT). He noted that while the ILOAT ruling at first glance indicated that staff had lost their appeal, in actual fact the ILOAT judgement had implications for any future decisions concerning the margin by the General Assembly. In this regard, the judgement implied that it presumed that the margin would continue to move towards 115. If that did not occur, it could have an impact on any future decision if the application of the margin were to be disputed again.

171. The Commission needed to take action to address the current level of the margin and respect the methodology established for this purpose. The representative of FICSA pointed out that many staff still did not understand what the margin was or how the methodology should be applied. However, those who did understand what it was and what its purpose was saw its application as a fairly simple and straightforward issue and believed that the margin should be maintained at its desirable midpoint of 115 most of the time. FICSA could not fail to notice that the margin had not even been sustained at this level for such a long time and, thus, it was natural that staff questioned the existing methodology. FICSA questioned the value of the methodology if it was not being respected. It continued to state that even if the Commission were to recommend to the General Assembly that the margin be restored to the desirable midpoint of 115, that recommendation could be rejected by the General Assembly, but at least in making its recommendation, the Commission would do its part in respecting the methodology.

172. The FICSA representative further stated that, even though a great deal of time had been spent deliberating on the need to bring the margin to 115, not much time was devoted to debating whether the level of 115 was even sufficient for the original purpose of the margin, i.e., to account for the fact that United Nations staff are working as expatriates.

173. CCISUA concurred with the recommendation for a salary adjustment and recalled the decision taken by the General Assembly on the latest salary adjustment, proposed by the Commission in 2002, whereby staff in grades P-1 to P-3 were denied any salary increments, in the light of their respective margins at that time. This decision was deeply felt to be discriminatory vis-à-vis those staff. Therefore,

CCISUA now strongly supported the recommendation for an across-the-board salary adjustment.

174. The representative of CCISUA noted that the Commission was a technical body whose main function was to review, set and assure compliance with methodologies on a variety of issues. CCISUA fully supported the statement made by the Human Resources Network representative, who had requested the Commission to adhere to the existing methodology.

175. CCISUA noted that the General Assembly, over the recent years, had authorized major increases for some programmes, showing that Member States were responsive when convinced that increases were justified. For example, millions had been spent on the new Department of Safety and Security. The Secretary-General was on the threshold of presenting his most challenging reform package and would attempt to impress upon the Member States the value, importance and relevance of the international civil service. But he would not be able to do so without having the advice of the Commission to support the appropriate compensation package for his staff.

176. Regarding the buyout programme, the representative of CCISUA noted that no plan had been developed or shared with the staff representatives yet. If such a plan materialized, CCISUA did not believe that staff would accept or decline it on the basis of the level of their salaries.

177. Finally, CCISUA appealed to the Commission to rethink its position regardless of the discussion of the Member States. The Commission should, in order to fulfil its mandate, remind the Member States of their obligations under the established policies. CCISUA hoped that politics could be left to politicians and that the Commission could make recommendations to properly apply the methodology.

Discussion by the Commission

178. The Commission recalled that, for the purposes of margin calculations, Washington, D.C., the base of the United States federal civil service, had been used as a reference point. Since 1994, the United States general schedule had consisted of two components: a general increase linked to the employment cost index and a locality pay adjustment that applied only to specific areas of the continental United States, one of which was Washington, D.C. The actual year-to-year (2004 to 2005) gross increase for Washington, D.C., taking into account both the employment cost index and locality pay adjustment, was 3.71 per cent, effective 1 January 2005.

179. The Commission noted that, on the basis of the approved methodology and the available information as at the beginning of July 2005, the net remuneration margin for 2005 had been estimated at 111.1. The Commission also recalled that the General Assembly, on a number of occasions, had reaffirmed that the range of 110 to 120, with a desirable midpoint of 115, for the margin between the net remuneration of officials in the Professional and higher categories of the United Nations in New York and officials in comparable positions in the United States federal civil service in Washington, D.C., should continue to apply, on the understanding that the margin would be maintained at a level around the desirable midpoint of 115 over a period of time. The Commission also noted that on an earlier occasion it had decided that if it became evident that the overall margin would drop

below the lower limit, the Commission would make a recommendation to the General Assembly for a real salary increase. But this was currently not the case.

180. One member did not see merit in a recommendation that the General Assembly increase the margin to 115. First, the salaries of the common system staff had increased faster than the cost of living, which had resulted in a real increase of 14 per cent in their purchasing power. Similar increases had also occurred in the United States civil service. Further, the largest organization of the common system, the United Nations, was seeking approval to use buyouts. Its staff turnover rate was viewed as too low to permit it to "bring in enough new young staff". This member expressed the view that since salary increases encouraged retention, the timing was not right for requesting an across-the-board increase. She noted that other organizations of the common system were also using buyouts.

181. Some members noted that the margin had increased since the previous year, bringing it closer to the desirable midpoint. At the same time, these members considered the phrase "over a period of time" somewhat ambiguous and vague. Moreover, since the margin was within the established range they did not see a compelling reason for its immediate adjustment.

182. Other members believed that the present level of the margin gave rise to the need for the Commission to recommend to the General Assembly ways of achieving the desirable midpoint in the longer term. In particular, such means as giving incremental yearly increases or redressing the margin imbalances at individual grades could be explored. Another important consideration was that the margin anomalies, overall and at individual grades, should be corrected by the time performance payments and broadbanded structures were introduced.

183. Most members were of the view, however, that although it was its duty to report to Member States on the evolution of the margin, the final decision on bringing the margin to the desirable midpoint would have to come from the General Assembly. Furthermore, it was stressed that the midpoint remained a desirable rather than a mandatory level and that the Commission had not normally recommended margin adjustments when its level was within the established range.

184. In view of the above considerations, it was generally agreed that the General Assembly should be kept informed about the margin level and its position relative to the desirable midpoint. No specific margin adjustment proposal, however, was deemed necessary at this stage.

Decision of the Commission

185. The Commission decided to take note of the margin forecast of 111.1 between the net remuneration of United Nations staff in grades P-1 to D-2 in New York and that of the United States federal civil service in Washington, D.C., for the period from 1 January to 31 December 2005. It also decided to draw the attention of the General Assembly to the fact that the current level of the margin was 3.9 percentage points below the desirable midpoint of 115. Details of the margin calculation are contained in annex V to the present report.

B. Base/floor salary scale

186. The concept of the base/floor salary scale was introduced, with effect from 1 July 1990, by the General Assembly in section I.H of its resolution 44/198 of 21 December 1989. The scale is set by reference to the General Schedule salary scale of the comparator civil service. Periodic adjustments are made on the basis of a comparison of net base salaries of United Nations officials at the midpoint of the scale (P-4, step VI, at the dependency rate) with the corresponding salaries of their counterparts in the United States federal civil service (step VI in grades GS-13 and GS-14, with a weight of 33 per cent and 67 per cent, respectively).

187. The Commission was informed that, in view of the movement of federal civil service salaries in the United States of America as from 1 January 2005, an adjustment of the United Nations common system's scale by 2.49 per cent would be necessary in 2006 in order to maintain the base/floor scale in line with the comparator's General Schedule (base) scale.

Views of the organizations

188. The Human Resources Network supported the proposal to adjust the base/floor salary scale on a no-loss/no-gain basis by consolidating 2.49 per cent of the post adjustment into the scale.

Views of the staff representatives

189. The representatives of FICSA and CCISUA supported the statement made by the Human Resources Network.

Discussion by the Commission

190. The Commission noted that the comparator's General Schedule (base) salary scale had been increased as from 1 January 2005 by 2.5 per cent on a gross basis. The 2005 General Schedule increase, combined with the effect of tax changes, had resulted in GS-13/GS-14 salary levels that were 2.49 per cent higher than the current base/floor salary scale. The Commission noted that the adjustment in the base/floor salary scale would be implemented by means of the standard method of consolidating post adjustment multiplier points on a no-loss/no-gain basis.

191. The Commission noted further that representatives of the United Nations Secretariat had informed the ICSC secretariat that in order to address imbalances in the Tax Equalization Fund, a reduction in staff assessment would be required to lower the fund by 20 per cent. While the adjustment would have no impact on net salaries, it would lower the gross salaries of the scale by 20 per cent, as requested.

192. Adjustment of the base/floor salary scale on 1 January 2006 by 2.49 per cent, through the usual method, would have the following estimated annual financial implications:

		United States dollars
(a)	For duty stations with low post adjustment that would otherwise fall below the level of the new base/floor[a]	00
(b)	In respect of the mobility/hardship allowance[b]	2 380 000
(c)	In respect of the scale of separation payments	431 900
	Total annual financial implications	**2 811 900**

[a] Based on current information, there are no duty stations that would otherwise fall below the level of the new base/floor.

[b] This number also appears in paragraph 107 of the present report.

Decision of the Commission

193. The Commission decided to recommend to the General Assembly that the current base/floor salary scale for the Professional and higher categories be increased by 2.49 per cent through the standard consolidation procedures, on a no-loss/no-gain basis, with effect from 1 January 2006. The proposed staff assessment scale (resulting in the reduction noted in para. 191 above) and associated base/floor salary scale are shown in annexes VI and VII to the present report.

C. United Nations/United States grade equivalency studies

194. The Commission has conducted regular reviews of grade equivalencies between positions in the United Nations common system and its comparator, the United States federal civil service, as grade equivalencies are a key component of net remuneration margin calculations. The periodicity of those reviews, which are conducted every five years, has been designed to take into account developments in remuneration and other structural changes in both systems. The last grade equivalency study was carried out in 2000.

195. At its fifty-ninth session (summer 2004), the Commission took note that a new job evaluation system had been promulgated by the Chairman of ICSC for classifying jobs in the Professional and higher categories in the United Nations system, while a pay-for-performance system in a broadbanded salary structure had recently been introduced for staff in the Senior Executive Service (SES) in the United States federal civil service and would gradually be extended to the wider service over time.

196. The Commission therefore decided that:

(a) A grade equivalency study should be conducted for the revised structure of the comparator's SES as soon as possible using two comparison methods:

(i) One which assigned a midpoint or average salary to all members of United States SES positions;

(ii) The other which would link the common system grades with the comparator's performance-based SES salaries;

(b) The results of the study should be reported to the Commission at its session in the second quarter of 2005;

(c) A grade equivalency study should be conducted for all other comparator pay systems in 2005, taking into account the experience gained from the approaches outlined in the present paragraph, and the results reported to the Commission at its session in the first quarter of 2006.

197. In taking note of the above-mentioned decisions, the General Assembly, in section II.B of its resolution 59/268 had requested the Commission to include the review of the grade equivalency in the study to determine the highest paid civil service in its work programme for 2005-2006.

198. At its sixtieth session, the Commission was informed of difficulties experienced by the secretariat in obtaining relevant data for the SES positions as a result of ongoing changes in the structure of the United States federal civil service. The Commission therefore decided that upon receipt of more detailed information, it would continue discussion of the item at its sixty-first session, in July 2005.

199. At its sixty-first session, the Commission was provided with an update of progress with the grade equivalency study referred to in subparagraph 196 (a) above relating to the revised structure of the comparator's SES. The report indicated that discussions had been held with the United States Office of Personnel Management during which it had been noted that the application of performance pay was contingent on certification of the department's performance management system. It had been further noted that there was no uniform application of the broadbanded salary structure, as agencies used different criteria ranging from performance, to responsibility, to work criticality for movement through the band. Following these discussions, arrangements had been made to review a random sample of 51 SES positions in 11 departments of the United States federal civil service.

200. Interviews were conducted on 44 positions in 10 departments, as one department had been unable to keep the appointment to meet with the United Nations team of classifiers. Information had been collected on job content and organizational relationships for the selected sample jobs. Following the interviews, independent evaluation of each position had been carried out by each job evaluator using the newly promulgated system for job evaluation approved by the Commission for implementation in January 2004. Where a certified performance management system was in place, the current SES pay range had been set as $107,550 to $162,100 and as $107,550 to $149,200 where there was no certified performance management system. A department would not be allowed to utilize the full SES pay range unless a certified performance management system had been implemented. However, as greater flexibility and performance/market-driven forces emerged in some of the larger departments of the United States federal civil service, banding configurations would not remain consistent across departments. Moreover banding configurations varied across departments for reasons such as special pay rate systems or occupational streams. Of the preliminary grading of the 44 jobs reviewed, 2 fell in the category of Assistant Secretary-General while 9 fell at the P-5 level. The remainder were graded between the D-1 and D-2 levels.

Views of the organizations

201. The Human Resources Network took note of the information provided and expressed regret that, owing to the dramatic reforms being introduced in the United States federal civil service, the collection of the required data had been severely delayed. Those extensive changes and the consequent difficulty in obtaining data

clearly demonstrated the shortcomings of having one national civil service as the comparator, and the Network looked forward to proposals from the secretariat on how best to deal with the changed situation and realities in the comparator's civil service.

202. Recalling the comments of the Deputy Secretary-General at the opening of the present session, the Network noted that executive heads were also following with keen interest the Commission's review of total compensation in the framework of the Noblemaire principle and were concerned by the Commission's intention to consider the remuneration packages of other international organizations for reference purposes only, rather than as true comparators. The Network reminded the Commission that executive heads considered a more thorough review of the Noblemaire principle to be essential. They believed that the true comparators were those organizations against which the United Nations system competed for staff and that they should be fully included in salary comparisons. Furthermore, executive heads believed that only by doing so would the United Nations system of organizations be able to recruit top talent from all parts of the world.

Views of the staff representatives

203. CCISUA emphasized the importance of the grade equivalency exercise, which was the first step in the comparison process leading to the decision on the remuneration levels for the international civil service.

204. CCISUA noted that the ICSC report had indicated that adequate information and communication channels in the comparator service were still lacking. It therefore agreed with the secretariat that until further information was available to allow for the conduct of a meaningful comparison, the report should simply be noted at this time.

205. CCISUA expressed its concern at the possible impact that the introduction of a pay-for-performance system in the comparator service might have on the grade equivalency exercise and strongly urged that changes to the pay and benefits system should not in any way affect the nature of the United Nations pension scheme.

206. FICSA took note of the information provided in document ICSC/61/R.2 and advised the Commission that a paper on the disadvantages of continuing to use the United States federal civil service as the comparator for the United Nations system would be distributed to the Commission during the session.

Discussion by the Commission

207. The Commission noted that discussions had taken place with officials knowledgeable about the 44 positions in 10 departments. The evaluation of each position had been carried out by each job evaluator using the newly promulgated system for job evaluation approved by the Commission in January 2004. The Commission also noted that, of the preliminary grading of the 44 jobs reviewed, 2 fell in the category of Assistant Secretary-General, while 9 fell at the P-5 level. The remainder had been graded between the D-1 and D-2 levels.

208. The Commission noted that although official certification of the performance management systems by the United States Office of Personnel Management was a requirement, many decisions concerning the management of pay-for-performance systems, including the size of the payout, were the responsibility of the individual

department. It was noted that the budgetary impact of departmental management of the system was mitigated to some extent as the total number of SES positions was controlled by law. The use of the SES positions was then governed by a departmental review board with central control. As some departments would receive more resources than others, some differences in application of the pay-for-performance system could arise because of budget availability and organizational culture. The Commission was further informed that while some departments applied tiers within the salary scale as a mechanism for financial control within the SES category, there was no clear indication of how this would be applied to the wider service. The use of bonuses as recruitment, relocation and retention incentives varied widely in terms of the amount payable from one department to another, and unlike performance pay elements, these incentives were not considered as a part of salary.

209. One member considered that it would be worthwhile to develop separate pay-for-performance systems for managers in the United Nations system, as accountability and effective performance were critical for these positions. Some members questioned the validity of attributing the salary, which is based on the individual's performance in a rank-in-person system, to the characteristics of the position occupied by that person. In other words, in the United Nations common system, salary is based on the position while in the United States Civil Service SES, salary is based on the person. They considered this an inappropriate comparison.

210. In the context of the implementation of the new master standard for the Professional and higher categories of the United Nations system and its application against the wider United States civil service, a query was raised as to whether the seemingly low implementation rate of the new standard would mean that the United States positions were not being evaluated against the same measure as the jobs in the United Nations. The question of training of United States classifiers in the use of the new standard was raised and the Commission was informed that the secretariat planned to conduct training of United States classifiers prior to conducting the comprehensive validation exercise of all positions reviewed by the United Nations classification team. One member of the Commission considered that given the simplified interview approach and the possible unavailability of job descriptions provided by the United States, the United States classification counterpart should attend the interviews with the United Nations classification team. It was, however, pointed out that in view of the time involved in reviewing over 400 jobs, this might not be a viable option and the traditional approach of validating the findings of the United Nations classifiers at a two- or three-day session would be more feasible.

Decision of the Commission

211. The Commission decided to take note of the progress made and of further work to be done in connection with the grade equivalency exercise and looked forward to a report from its secretariat at its spring session in 2006.

D. Progress report on phase II of total compensation comparisons

212. At its sixtieth session (Bangkok, 28 February-11 March 2005) ICSC commenced its current Noblemaire study by reviewing data collected by its secretariat as part of phase I of the study (see annex VIII, describing the

methodology to be applied in the study as determined by the Commission in 1991). The Commission noted that the phase I analysis resulted in the identification of a number of civil services which could be considered for the phase II analysis, namely, the national civil services of Belgium, Germany, Singapore and Switzerland. The Commission therefore decided that it would:

(a) Proceed with a phase II study of the Belgian, German, Singaporean and Swiss national civil services in the context of determining the highest paid national civil services;

(b) Proceed to collect information on the remuneration levels of the World Bank and the Organization for Economic Cooperation and Development (OECD) as a reference check only;

(c) Request its secretariat to provide it with a progress report at its sixty-first session on both (a) and (b) above so that it could report to the General Assembly.[7]

213. At its sixty-first session, the secretariat reported on its further progress on the study, noting that it was presenting additional information with respect to Germany, Singapore and Switzerland and had yet to collect information from Belgium and the organizations identified for the reference check.

214. The additional information presented showed that:

(a) With regard to Germany:

(i) The issue of collecting data in both Bonn and Berlin would need to be resolved since portions of the German civil service are located in each of those cities;

(ii) The issue of lower civil service salaries for ministries located in the former East Germany would need to be resolved (salaries in ministries located in the former East Germany are 92.5 per cent of what they are elsewhere in the country);

(iii) Pay adjustments for the civil service have lagged behind inflation;

(iv) With the recent introduction of a pay and benefits reform package, which introduced pay for performance and other reforms on a cost-neutral basis, existing benefits have been reduced, as exemplified by:

a. A drastic reduction in pension benefits (although maintaining the non-contributory nature of the pension plan);

b. Health insurance now requiring 50 per cent cost coverage by staff;

c. Weekly work hours increasing from 38.5 to 40.

(b) With regard to Switzerland, a comprehensive review of the civil service has been conducted in recent years, resulting in:

(i) The categorization of all staff as contract employees;

(ii) The elimination of all automatic increases;

(iii) All salary increases now being driven by performance;

(iv) Salary increases below the inflation rate in recent years;

(v) The abolition of all movement through the grade structure (grade assigned at recruitment is retained);

(vi) Movement away from a defined-benefit pension plan to a defined-contribution plan;

(vii) No change in health benefits, i.e., civil servants pay all contributions, as they did in 1995;

(viii) A work week of 42 hours.

(c) With regard to the Singaporean civil service, a major restructuring of the civil service was initiated in 1994, resulting in:

(i) The establishment of the "clean" salary concept based on performance measurements, i.e., salaries competitive with the private sector for high performers, with however, a minimalist approach to benefits and allowances;

(ii) Allowances only for specific and limited circumstances, e.g., unpleasant working conditions;

(iii) A provident pension fund with no disability or death coverage and ad hoc adjustment of pension benefits;

(iv) A reduced leave plan, introduced in 2004, with a maximum of 18 days for workers with less than 10 years of service and 21 days for those with 10 years or more of service;

(v) A basic medical plan integrated with social security.

Views of the organizations

215. The Human Resources Network appreciated the effort made by the Secretariat and the work done by the consultant. Nevertheless, it regretted the lack of progress which was due to the sweeping reforms under way in the comparator's federal civil service. Further, the Human Resources Network noted that the United Nations common system was made fragile by having only one national civil service as a comparator. Therefore, the Human Resources Network called for a more thorough review of the Noblemaire principle, which it believed was essential, as had been emphasized by the Deputy Secretary-General, who said in her opening statement that our true comparators — those other international organizations against which we compete for staff — should be fully included in salary comparisons.

Views of the staff representatives

216. The President of FICSA agreed with the statement made by the Human Resources Network and looked forward to the additional research that would be undertaken on the Belgian national civil service, with a view to considering it as a potential comparator. He further pointed out that when comparisons are conducted, it is not only pay that should be considered, but careful thought must also be given to matching jobs, as many duties carried out by staff members in the United Nations system are not wholly comparable with work carried out in the present comparator civil service. While he appreciated the work done to gather further information on the national civil services of Germany, Singapore and Switzerland, FICSA also recognized that, even with the best cooperation from national civil services, the gathering of necessary information was not always an easy task.

217. In order to stimulate further discussion under this agenda item, the President of FICSA introduced a conference room paper that attempted to approach the consideration of the Noblemaire principle from an alternative perspective. FICSA reminded the Commission that in 1992 it had conducted an exhaustive study entitled "The United Nations: an uncompetitive employer", which had been presented to ICSC at its thirty-sixth session, in London. The current paper did not attempt to replicate that study up to 2005, and it was likely that FICSA would submit another paper under this agenda item for the Commission's spring 2006 session.

218. The President of FICSA summarized the document, noting that:

(a) The first part provided an overview of the development of the international civil service, with emphasis on the need to maintain its main underlying values — independence, impartiality, integrity and excellence;

(b) The second part focused on examining why the expatriate nature of the international civil service was a key element to be considered in these discussions. This part included the results of a preliminary survey conducted with staff of FAO, which provided useful insight into this issue;

(c) The third part contained a comparison of remuneration and cost-of-living movements at eight Headquarters locations and Washington, D.C.;

(d) The fourth part contained relevant information on the United States Federal Civil Service, both as an employer and as a comparator. Regarding the latter, the increasing difficulties in continuing to use the United States Federal Civil Service as the sole comparator were demonstrated, with particular emphasis on the far-reaching reforms within the comparator.

In conclusion, the President of FICSA hoped that the conference room paper presented by FICSA would promote thought and contribute to the present debate.

219. The representative of CCISUA took note of the progress report presented by the ICSC secretariat and agreed with the statement made by the Human Resources Network representative. CCISUA pointed out that salaries were no longer competitive and felt the Commission should look at comparisons with other international organizations, such as the World Bank or the European Union.

Discussion by the Commission

220. The Commission recalled that both the German and Swiss civil services were included in the 1994-1995 Noblemaire study. It recalled that neither civil service had been found appropriate as the Noblemaire comparator.[3] It noted that in 1995 the German civil service had been found to be better than the current comparator in terms of its superior benefit, leave and work-hours provisions, while its salaries were lower than that of the comparator. The Swiss situation was reversed, in that its salaries were found superior to those of the comparator, while its benefit, leave and work-hours provisions had been found to be less favourable than equivalent comparator provisions. On the basis of current data collected from Germany, the Commission noted that it seemed that benefit, leave and work-hours provisions had generally deteriorated, or at best remained the same in a few cases, while salary levels had also been subject to constraints since the 1995 exercise. In the case of Switzerland, the Commission noted that the salary system had been revised, which

suggested lower salary levels vis-à-vis the comparator, while the benefit structure did not seem to indicate any significant improvement since 1995.

221. The Commission further noted that the comparator civil service had experienced, generally, salary movements above inflation levels since 1995 and, recently, a movement towards labour market rates for significant portions of its civil service. At the same time, there have been no decreases in the comparator's leave, allowance and benefit systems.

222. The Commission noted that Singapore had not previously been included in any Noblemaire study. With regard to the information before it, the Commission believed that the collection of relevant salary data from the Singaporean civil service was inadequate. The Commission noted that the Singaporean confidentiality requirements had not allowed the collection of all relevant salary data, other than base salary and this made it difficult to adequately apply the Noblemaire principle. Furthermore, based on the information as described in paragraph 214 (c) above, the Commission believed that on the basis of a total compensation approach, it would not find the Singaporean civil service better paid than the current comparator.

223. In the case of all three civil services, the Commission considered, in view of the information before it, that the resources required to conduct a full phase II study, particularly with regard to the necessary actuarial comparisons of the relevant benefit structures, would not be well spent. It noted that the resource requirements related to the current pay and benefits exercise were already significant.

224. Nonetheless, the Commission considered that it would be necessary to collect relevant information from Belgium, identified as one of the potential comparators by the Commission at its sixtieth session. Some Commission members noted, however, that the relevant information should include statistics on personnel levels for the civil service overall and for relevant grades and occupations.

225. With regard to the collection of relevant data for the reference check with international organizations, Commission members expressed the view that they did not agree with any reference checks with the European Union or any international organizations other than those included in the 1995 exercise, namely, the World Bank and OECD.

Decision of the Commission

226. The Commission decided:

(a) To take note of the progress made thus far in the study;

(b) To discontinue any further study with regard to Germany, Singapore and Switzerland;

(c) To continue the study with regard to Belgium;

(d) To continue the reference check with regard to the World Bank and OECD;

(e) To request its secretariat to provide a further progress report on this item at its sixty-second session.

E. Assessing the implementation of the new Job Evaluation Master Standard for the Professional and higher categories

227. At its fifty-seventh session, the Commission reviewed a conceptual model of the new job evaluation system for the Professional and higher categories in the organizations of the United Nations common system. The new system, designed to function from an automated platform, thereby facilitating access and updating, was based on an approach that linked job design to the development of competencies and supported performance management in an integrated manner. The objective of this new approach was to facilitate the strategic management of the human resources of the organizations of the common system. In its 2004 report to the General Assembly, the Commission provided details of the main features of the new system together with the results of a validation exercise that it had conducted. The Commission had then decided that:

(a) Authority for the promulgation of the new system of job evaluation comprising (i) the Master Standard, (ii) grade level descriptors and (iii) a new job description format should be delegated to its Chairman to allow for internal consultations within the organizations with a view to its promulgation as at 1 January 2004;

(b) Its secretariat should report on an annual basis on the implementation of the new standards in organizations. This information should include: the number of jobs that, on application of the new standard, were found to be undergraded or overgraded and the levels affected; the impact of change on the organizations; and the difficulties encountered;

(c) Its secretariat should carry out a comprehensive assessment of the job evaluation system after 18 to 24 months and present to the Commission for its review and approval any substantive design changes that may be required.

228. The Commission, having received an interim report at its sixtieth session in 2004, was provided with a further update by its secretariat on the implementation of the new job evaluation Master Standards by organizations at its sixty-first session in 2005. It was reported that of 18 organizations, 12 (the United Nations, FAO, the International Telecommunication Union (ITU), UNESCO, the United Nations Industrial Development Organization (UNIDO), the World Intellectual Property Organization (WIPO), UNDP, WFP, the International Atomic Energy Agency (IAEA), UNICEF, UNOPS, WHO), had implemented the new job evaluation system, resulting in the classification of approximately 1,400 posts. The remaining six were in the process of implementation; either seeking the approval of their legislative bodies or establishing the internal processes and structures to support the new system. The secretariat advised the Commission that one organization, which had not responded to the survey (the International Civil Aviation Organization (ICAO)), was also in the process of obtaining approval from its governing body for official promulgation within the organization, but it had informally applied the standards when classifying positions in the recruitment process.

229. Organizations implementing the new system reported that while the new approach was more simple to use and allowed for faster classification action, there continued to be some concern about the clarity of language and the interpretation of terminology. Some organizations believed that a glossary with clearly defined terms was essential, while a view was also expressed that the development of clear and

concise generic job profiles, specifically targeted to special occupations, would obviate any need to have recourse to glossaries or further interpretation by classifiers and managers. The enhancement of electronic system support to facilitate the use of the web-based system and allow for record retention and retrieval was also seen by organizations as an item of high priority.

230. The Commission was informed that on the basis of further discussions with the organizations of the common system, the secretariat had proposed that future action should reflect a coordinated effort by the secretariat, the organizations and staff to improve the job evaluation system. Actions discussed and agreed on by a number of organizations were:

(a) A glossary to address difficulties in interpretation as currently experienced by classifiers;

(b) Updated training materials and an interactive training page on the ICSC website;

(c) Alternative security provisions for the web-based job evaluation system;

(d) System-wide access to organizational post illustrations (and tier II standards of the old classification system, updated according to the new job description format) through the ICSC website;

(e) A virtual network of human resources advisers to share their experiences in the use of the job evaluation system, to discuss the relevance of change for the new system and to define updates that should be made.

Views of the organizations

231. The representative of the Human Resources Network took note of the progress made with regard to the implementation of the new Job Evaluation Master Standard for the Professional and higher categories, expressing appreciation for the training provided by the ICSC secretariat, which the Network saw as instrumental in getting organizations started in implementing the standard.

232. She noted that not all definitions used in the grade level descriptors were easily understandable and she looked forward to the development of a glossary that would facilitate understanding and consistency in their interpretation.

233. Having noted that some organizations had reported problems encountered in the area of electronic system support, she proposed that the ICSC secretariat seek the advice of the Information and Communication Technologies Network (ICT Network) through the secretariat of CEB.

234. The representative of the Human Resources Network asserted its support for the development of an informal group of classification specialists, as proposed by the ICSC secretariat, on the understanding that this group would operate on a virtual basis. The virtual nature would be in line with the frequently expressed views of executive heads that a proliferation of formal committees should be avoided.

235. In the course of the Commission's debate, individual organizations confirmed that the new job evaluation system was well appreciated. They reported that it was cost-effective since it was faster to use and eliminated the need for the services of expensive consultants, which were previously required. One organization reported that it was now in a position to quickly carry out its own classification actions.

Several organizations confirmed that they had conducted training for managers and that these managers were now more comfortable with writing job descriptions. They informed the Commission that the new standard was a welcome, much simpler and useful product and that a high confirmation rate of factor values and grade levels had been maintained with the old standard. They considered that the number of posts reported should not be considered an indicator of how well the standard was used.

236. The representative of the CEB secretariat pointed out that the pace of implementation was much faster than any she had ever experienced in her extensive experience as a job classification specialist. She pointed out that the organizations of the common system had not been required to reclassify all posts upon the promulgation of the new standard as there had been a high confirmation rate when the standard was validated. She noted that based on a rough estimate of less than 1,000 separations from the United Nations common system in the past year owing to staff retirement, and given the fact that organizations were currently establishing internal processes for wider usage of the standard and that the new standard had been in operation for just over one year, the implementation rate of 1,400 posts classified was by no means slow. She believed that the Commission should not pay undue attention to the number of posts classified as this was not always representative of the number of jobs to be classified in an organization. Requesting that organizations report on individual posts could sometimes result in a distorted picture, as one classification action could encompass multiple posts announced in a single vacancy posting.

Views of the staff representatives

237. The representative of CCISUA took note of the report on the implementation of the new job evaluation Master Standard for the Professional and higher categories. She informed the Commission that in the context of the development of a mobile international professional workforce of the common system within a single classification standard, CCISUA would remain available to continue working together with the secretariat and organizations to achieve the goals proposed by the secretariat in its document.

238. The representative of FICSA noted the progress report and the activities conducted to date relating to the promulgation of the new Job Evaluation Master Standard. FICSA agreed with the sentiments expressed that it was only through vigorous use of this new tool that substantive feedback and a true assessment could be made. FICSA pointed out that there were some staff who were not even aware that a new Master Standard existed and those staff members who were aware of its existence, including some managers, still lacked sufficient knowledge, leading to much confusion and apprehension. FICSA therefore looked forward to further information on the Master Standard to be provided through the ICSC website, the production of a glossary and through continued exposure to the new job evaluation system.

239. The representative of FICSA also drew the Commission's attention to the fact that the Master Standard had already had an impact on the interview process, with an increasing number of interviews now focusing on addressing competencies. It was pointed out that staff had not been informed about this shift in the focus of job interviews and there was a need to ensure that this was fully understood by staff.

Referring to paragraph 21 of document ICSC/61/R.3, FICSA asked that when reference is made to the inclusion of staff in the consultative process, it be made clear whether the intention is to refer to staff in general or to elected staff representatives.

Discussion by the Commission

240. The Commission took note of the report of the secretariat informing it that there had been partial implementation of the new job evaluation system resulting in the classification of 1,400 jobs since its promulgation on 1 January 2004. They believed that clarity in the language of the standard needed to be improved and that the absence of a glossary, which should have been completed by the consultant, could lead to inconsistency in application. A glossary was an essential element of a handbook or manual for all staff who needed to apply the new standard. In view of the urgency with which some organizations wished to proceed with reform, it was somewhat surprising that greater progress had not been made in this context.

241. Two members expressed concern that greater progress had not been made. These members were not encouraged when they were informed that it had taken 10 years to complete implementation of the last job evaluation standard. These members also noted that the new standard had only been applied to 1,400 jobs since its promulgation in January 2004. Given that there were over 25,000 jobs to which the standard must be applied, if the current rate of progress was a reflection of the future it would take 27 years to complete implementation of the standard. These members believed that the organizations needed to develop a plan of action and timetable for implementation of the new standard in a reasonable time frame.

242. Other members of the Commission were, however, of the opinion that the rate of progress of implementation did not necessarily warrant a negative assessment. They noted that organizations had informed the Commission that they were in the process of implementation and that in some instances this required the approval of their legislative bodies. They recalled that upon promulgation of the new standard, organizations had not been required to classify all jobs in the system and that they would only do so when jobs fell vacant or were newly created. As a result, they did not consider the pace of implementation to be slow, especially when compared with the pace of implementation of the old standard. They noted that most organizations had expressed satisfaction with the standard, commenting on its ease and simplicity and the speed with which it could now be applied.

243. They considered that, as indicated above, difficulties had been encountered by some organizations in establishing the relevant internal structures and processes. These members held the view that organizations had made a great effort in view of the several reform issues with which they were faced and that they should be firmly encouraged to move forward collaboratively. Together with staff representatives and the ICSC secretariat, organizations should seek to share experiences and develop a common understanding of the values and intent of the standard through any means possible, be it through the establishment of a glossary or through assistance from organizations more experienced than those that were just beginning to implement the new system.

244. Some members were concerned about the impact on the grade equivalency exercise currently being conducted with the comparator service. They noted that the review of jobs in the United States federal civil service would be undertaken on the basis of the new standard. In their opinion, at the rate of implementation of the new standard, there would not be adequate coverage of all jobs in the United Nations

common system to ensure an accurate comparison with jobs surveyed in the United States federal civil service. They recommended that, for the sake of accuracy, a random sampling of United Nations jobs classified by reference to the new standard should be used in the grade equivalency exercise.

245. One member noted that one of the objectives of the new standard was to allow technical specialists at the P-4 level to progress to the P-5 level without having to acquire managerial responsibilities; however in this context, organizations had not reported their experiences in applying the standard.

Decisions of the Commission

246. The Commission decided to:

(a) Take note of the report of the status of implementation by the organizations of the new job evaluation standard for the Professional and higher categories;

(b) Encourage the organizations to increase the rate of implementation while noting the difficulties encountered by them;

(c) Endorse the approach proposed by its secretariat in paragraph 230 above for the enhancement of the new system;

(d) Request its secretariat to ensure that a random sample of United Nations jobs is classified by reference to the new job evaluation standard in preparation for the grade equivalency study with the United States federal civil service;

(e) Request its secretariat to report on further progress in implementation at the Commission's summer session in 2006, including the number and grade levels of posts classified and any changes to these grade levels as a result of classification action taken.

F. Report of the Advisory Committee on Post Adjustment Questions on its twenty-seventh session

247. Under article 11 of its statute the Commission continued to keep under review the operation of the post adjustment system and in that context considered the report of ACPAQ on the work of its twenty-seventh session. In its 2003 and 2004 annual reports, the Commission informed the General Assembly about decisions it had taken concerning preparations for the next round of cost-of-living (place-to-place) surveys planned for 2005 at headquarters duty stations and Washington, D.C.

248. At its fifty-ninth session, the Commission requested the Committee to undertake a number of additional methodological studies in order to finalize preparations for the new round of place-to-place surveys. Those included updating the list of items and specifications for the basket of goods and services, developing procedures for establishing new expenditure weights, reviewing weights to be used with external housing data for housing component measurements, redesigning expenditure data collection forms, updating pricing forms and the coordinator's report. The Committee was also requested to review the existing procedures and guidelines for price data collection and to propose a timetable for place-to-place surveys at headquarters duty stations.

249. The Commission considered the report of ACPAQ on its twenty-seventh session, held in New York from 17 to 25 January 2005. The report included the

Committee's review, including recommendations on methodological issues of the post adjustment index calculations and preparatory activities relating to the next round of place-to-place surveys planned for 2005 at headquarters duty stations and Washington, D.C. The Committee's recommendations covered all the methodological and practical aspects of conducting place-to-place surveys and provided some guidelines regarding further studies to be carried out by the ICSC secretariat with respect to product comparability and analyses of rent data from staff and external sources.

Views of the organizations

250. The representative of the Human Resources Network expressed her appreciation to ACPAQ and the ICSC secretariat for their work and for the document before the Commission, which she considered to be a professional presentation of the issues. The Network endorsed the recommendations contained in the document.

Views of the staff representatives

251. The representatives of FICSA and CCISUA expressed their satisfaction with the work done by ACPAQ and the business-like atmosphere during meetings. The Advisory Committee had produced useful results in reviewing the cost-of-living measurement methodology for the next round of place-to-place surveys, which are to start in 2005. The representative of FICSA informed the Commission that staff unions and associations were offering more training to staff in the upcoming activities linked with cost-of-living surveys at headquarters duty stations. Proper education of staff and higher publicity of the event would help increase the level of staff participation and the quality of the survey results.

Discussion by the Commission

252. The Commission reviewed the recommendations of the Advisory Committee and asked for clarifications on several aspects of the paper. When discussing the issue of collecting prices for organic/biological products, members of the Commission expressed the view that they should not be mixed together with regular products but compared separately, and welcomed the recommendation of the Advisory Committee in that respect. The Commission noted that the secretariat had worked under pressure producing documents for ACPAQ and the Commission in view of an earlier-than-usual schedule. It welcomed the secretariat's intention to use tablet computers for price collection and electronic questionnaires together with traditional methods of data collection from the staff, the revised price collection forms and the new survey report template developed by the secretariat. The Commission commented on two of the revised forms: "Survey coordinator's report" and "Survey results report". Finally, the Commission expressed its appreciation for the work of the Advisory Committee and its secretariat in this regard.

Decision of the Commission

253. The Commission decided to endorse the recommendations of the Advisory Committee as contained in its report on its twenty-seventh session. The Commission also agreed that the Committee should hold its next meeting early in 2006 to review results of the place-to-place surveys at headquarters duty stations and submit a recommendation to it at its 2006 spring session.

Chapter V

Conditions of service of the General Service and other locally recruited categories

A. Survey of best prevailing conditions of employment in Paris

254. On the basis of the revised headquarters methodology, the Commission conducted a survey of best prevailing conditions of service for the General Service category of staff in Paris, with a reference date of October 2004. The salary scale for the General Service and other locally recruited categories of the organizations of the common system at Paris, recommended by the Commission to the Director-General of UNESCO, is reproduced in annex IX to the present report. The Commission also recommended revised amounts of dependency allowances, determined on the basis of tax abatements, payments by the French Government and surveyed employers.

255. As may be noted from the recommended salary scale of the Paris-based organizations presented in annex IX, the annual net salary at the highest point in the scale, G-7 step XII, is €54,279, or US$ 71,703 at the March 2005 exchange rate of US$ 1.00 to €0.757. This amount falls between the net remuneration (net base salary plus post adjustment) of staff members at the levels of P-2, steps V and VI, at single rate. The Commission considered that such overlap was not a cause for concern.

256. The salary scale for the Paris-based organizations shown in annex IX was 1.19 per cent higher than the current scale. In addition to recommending a new salary scale, the Commission also recommended revised rates for dependency allowances. The total cost of the Commission's recommendations was €574,000 per annum or approximately US$ 750,000 at the March 2005 exchange rate.

B. Survey of best prevailing conditions of employment in Montreal

257. On the basis of the revised headquarters methodology, the Commission conducted a survey of best prevailing conditions of service for the General Service category of staff in Montreal, with a reference date of April 2005. The salary scale for the General Service category of the organizations of the common system at Montreal, recommended by the Commission to the Secretary-General of the International Civil Aviation Organization (ICAO), is reproduced in annex X to the present report.

258. As may be noted from the recommended salary scale of the Montreal-based organizations presented in annex X, the annual net salary at the highest point in the scale, GS-9/XI, is Can$ 60,429, or US$ 49,129 at the July 2005 exchange rate of US$ 1.00 to Can$ 1.23. This amount falls between the net remuneration (net base salary plus post adjustment) of staff members at the P-1/III and P-1/IV levels, at single rates. The Commission considered that such overlap was not a cause for concern. Furthermore, there were only four incumbents at the GS-9 level, which was considered a personal grade, i.e. one reserved for staff members who possessed, inter alia, institutional knowledge and had contributed to the work of the organization because of long experience in their particular occupation. The classification system recognized responsibilities only up to grade level GS-8, where no overlap existed.

259. The salary scale for the Montreal-based organizations shown in annex X was 8.79 per cent higher than the current scale. In addition to recommending a new salary scale, the Commission also recommended revised rates for dependency allowances, determined on the basis of tax abatements, payments by the Governments of Canada and Quebec and by the surveyed employers. The total cost of the Commission's recommendations is estimated at Can$ 1.44 million, or US$ 1.17 million, at the July 2005 exchange rate of US$ 1.00 to Can$ 1.23.

Chapter VI
Implementation by organizations of decisions and recommendations of the International Civil Service Commission

260. Under article 17 of its statute, ICSC submits an annual report to the General Assembly which includes information on the implementation of the Commission's decisions and recommendations by the organizations of the common system. A comprehensive implementation report has been submitted to the General Assembly since 1993, in keeping with the biennialization of the work programme of the Fifth Committee, as established in General Assembly resolution 47/216 of 23 December 1992. The last report from the organizations was in 2003.

261. The Commission had before it information relating to decisions and/or recommendations taken in 2003 and 2004 and on matters on which implementation was pending in some organizations or for which updated information had been requested. The report covered information from 18 organizations of the common system. One organization provided additional information to supplement that which had been originally provided.

Views of the organizations

262. The representative of the Human Resources Network took note with thanks of the very interesting document, which the organizations had found to be very useful and informative.

Views of the staff representatives

263. The representative of CCISUA noted the information provided and observed that it had always held the opinion that mobility was normally implemented among organizations. However, CCISUA noted that the ICSC document had provided proof that mobility was not encouraged enough, as most organizations had reported that staff from other common system organizations were still considered external candidates. This policy did not in fact favour mobility among organizations.

264. FICSA complimented the ICSC secretariat for the very clear and lucid report.

Discussion by the Commission

265. The Commission noted with appreciation that a tremendous effort had been made by the organizations resulting in a high rate of response to its request for information on the implementation of its decisions and recommendations. The Commission was encouraged by the number and clarity of the responses and hoped that this trend would continue.

266. The Commission expressed interest in the initiatives introduced by some organizations to encourage mobility or to change the organizational culture with regard to mobility. It was noted that in the recruitment process most organizations did not view staff from other organizations as internal candidates. It was generally agreed that this decision created an impediment to inter-agency mobility. Some members proposed that this barrier could be addressed through the inter-agency mobility accord. These members viewed this accord as an arrangement that was intended to facilitate mobility. This accord established an appropriate administrative

framework to govern the loan, secondment or transfer of staff between agencies. Members of the Commission agreed to continue monitoring the organizations' efforts to establish and encourage a culture of intra- and inter-agency mobility.

267. The Commission noted that the number of staff in the National Professional Officer category, which had been established for functions at field offices that required national knowledge and experience, appeared to have increased and that there was a varied approach in the application of the new job evaluation system to this category. In view of the fact that the last review of National Professional Officers was conducted in 1994, the Commission believed that it would be worthwhile to take a closer look at the functions and conditions of service of this category.

Decisions of the Commission

268. The Commission decided to:

(a) Take note with interest and satisfaction of the responses provided by the organizations for the 2005 exercise;

(b) Request an update of mobility policies in organizations in 2007;

(c) Request its secretariat to review the status of National Professional Officers and to present a report on the use of this category at the Commission's summer 2006 session.

Chapter VII

Other business: responses to requests made by the General Assembly in resolution 59/268

269. In section I of its resolution 59/268, inter alia, the General Assembly requested the Commission to inform it about two items at its sixtieth session:

(a) Which entities it uses as comparators for the determination of entitlements such as leave and allowances, and to advise the Assembly on the merits and disadvantages of applying as a point of departure the practices of the civil service of the country used as comparator for salary purposes (section I.G, para. 2);

(b) The practices of other relevant civil services and international organizations concerning the provision of education grants (section I.E, para. 3).

The Assembly's request arose during the consideration of the report of the Commission for 2004,[9] which addressed the education grant as part of the Commission's periodic review process and the leave and allowances items as part of the Commission's current pay and benefits review.

270. The Commission reviewed the documentation prepared by its secretariat, which responded to both Assembly requests. With regard to paragraph 269 (a) above, the documentation detailed comparator practices that were referenced at the time of a number of reviews over the past 15 years when reviewing common system practices. With regard to paragraph 269 (b) above, information was recently collected by the secretariat of the Interorganization Section of the OECD in responding to a very similar request from its legislative body. At the request of the ICSC secretariat, the Interorganization Section secretariat made this information available. The document provided the details of each education grant scheme for both international organizations and relevant national civil services. The main conclusion of the data was that all international organizations and some national civil services provided tertiary education under their schemes. Since the information provided by the Interorganization Section did not include details of United Nations comparator practices, separate information was provided by the ICSC secretariat which compared comparator maximum education grant levels to United Nations common system maximum levels on a country-by-country basis. The documentation also provided an assessment of the merits and disadvantages of adopting the comparator practices for United Nations common system purposes.

Views of the organizations

271. The information provided in the documentation before the Commission, which was requested by the General Assembly, was very comprehensive and detailed and the Human Resources Network considered that it responded well to the requests of the General Assembly.

Views of the staff representatives

272. The representatives of FICSA and CCISUA took note of the information provided.

Discussion by the Commission

273. The Commission noted the rather detailed data before it and considered that it would be reasonable, in responding to the request of the Assembly, to summarize the information provided in a paragraph, as reflected in paragraph 270 above. If the Assembly were to request the detailed data when it took up the Commission's report on this item, the data could be provided at that time.

Decision of the Commission

274. The Commission decided to take note of the information provided and requested its secretariat to summarize the results for presentation to the Assembly. It further decided that the information should be provided, in its entirety, if requested by the Assembly at the time of its review of the Commission's report.

Notes

[1] ILO, FAO, UNESCO, ICAO, WHO, UPU, ITU, WMO, IMO, WIPO, IAEA, UNIDO and WTO.

[2] IFAD.

[3] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 30* (A/59/30 (vol. I)), annex II.

[4] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 30* (A/57/30), para. 60 (a).

[5] See General Assembly resolutions 46/191, 47/216, 55/223 and 57/285.

[6] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 30* (A/59/30, (vol. I)), annex III.

[7] See ICSC/60/R.13, para. 103 (c).

[8] See *Official Records of the General Assembly, Fiftieth Session, Supplement No. 30* (A/50/30), paras. 172 (a) (ii) and (b) (ii).

[9] *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 30* (A/59/30, vol. II).

Annex I

Programme of work of the International Civil Service Commission for 2006-2007

1. Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system.

2. Framework for human resources management:

   I. Review of the pay and benefits system:

      (a) Modernizing and simplifying allowances:

         (i) Separation payments —

            • Termination indemnity

            • Repatriation grant

            • Death grant;

         (ii) All leave entitlements;

         (iii) Language incentive;

      (b) Monitoring of the pilot study on broadbanding/pay-for-performance;

      (c) Assessing the implementation of the new Job Evaluation Master Standard for the Professional and higher categories;

      (d) Education grant: review of the methodology for determining the grant;

      (e) Staffing of field missions: review of conversion of contractual instruments.

3. Conditions of service of the Professional and higher categories:

      (a) Evolution of the United Nations/United States net remuneration margin;

      (b) Base/floor salary scale;

      (c) Survey and report on gender balance in the United Nations common system;

      (d) Survey and report on the status of National Professional Officers;

      (e) Report of the twenty-eighth session of the Advisory Committee on Post Adjustment;

      (f) Agenda for the twenty-ninth session of ACPAQ;

      (g) Report of the twenty-ninth session of ACPAQ;

      (h) Children's and secondary dependant's allowances: review of the level.

4. Conditions of service of the General Service and other locally recruited staff:

   (a) Survey of best prevailing conditions of employment at:

      (i) Rome;

      (ii) New York;

      (iii) London;

      (iv) Geneva.

   (b) Considerations related to reviewing the Job Evaluation Standards for the General Service and related categories.

5. Conditions of service applicable to both categories of staff:

   (a) Education grant: review of the level;

   (b) Common scale of staff assessment.

6. Total compensation comparisons under the Noblemaire principle to determine the highest paid civil service:

   (a) Results of the United Nations/United States grade equivalency studies (SES);

   (b) Results of the United Nations/United States grade equivalency studies (All other grades);

   (c) Total compensation comparison — Stage II (Belgium);

   (d) Conduct a United Nations/United States total compensation comparison;

   (e) Reference check with World Bank and OECD.

7. Progress report on development of a Senior Management Service.

8. Implementation by organizations of decisions and recommendations of the International Civil Service Commission.

9. Administrative and budgetary matters: proposed budget for the biennium 2008-2009.

Annex II

Current and proposed mobility, hardship, non-removal and assignment schemes

A. Current and proposed mobility schemes

Current mobility scheme	*Proposed mobility scheme*
1. Eligibility: five consecutive years of service in United Nations system and an assignment of one year or more	1. Same
2. At H duty stations, mobility is paid upon fourth assignment and only if staff member had at least two previous assignments at A to E duty stations	2. Same
3. At A to E duty stations, mobility is paid upon the second assignment	3. Same
4. Payments are a percentage of the P-4, step VI, of the base/floor salary scale at the dependency rate	4. Payments are flat amounts
5. Single staff receive 75 per cent of the dependency rate	5. Single staff would receive 75 per cent of the flat amount paid to staff with dependants
6. Payments linked to movement in the base/floor salary scale with annual adjustments	6. Payments reviewed every three years by reference to: (a) the average movement of net base salary plus post adjustment in the eight headquarters of the United Nations system; (b) the movement of the out-of-area index used for post adjustment, based on inflation factors in 21 countries; and (c) the movement of the base/floor salary scale. First review to be conducted in 2008
7. Payments are differentiated by grade groupings: P-1 to P-3; P-4 and P-5; and D-1 and above	7. Same
8. Payments for P-4 and P-5 are a percentage of the net base salary scale of P-4, step VI. P-1 to P-3 receive 13 per cent less and D-1 and above receive 13 per cent more	8. Payments would be as proposed in table 2

Current mobility scheme	*Proposed mobility scheme*
9. Because payments are linked to the salary scale, payments change when salary changes owing to promotion, within-grade-step increase or change in dependency status	9. Flat rate payments are set at the time of the assignment to the duty station and no changes in the amount are made for the duration of the entitlement, unless the Commission adjusts the amount of the entitlement
10. Payments made in monthly instalments	10. Same
11. Higher percentage payment made for A to E duty stations	11. Same
12. Payments increase as number of assignments increase	12. Same
13. Payments increase at the time of the third, fourth and fifth assignment. All subsequent assignments are paid at the same rate as the fifth assignment	13. For payment purposes, number of assignments are grouped as two to three assignments, four to six assignments and seven or more assignments. Payment is at the same rate for seven or more assignments
14. Payments cease after five consecutive years at one duty station	14. Same
15. Exceptionally, payments may continue for up to one year at a rate reduced by 10 per cent	15. No exceptions are permitted

B. Current and proposed hardship schemes

Current hardship scheme	*Proposed hardship scheme*
1. Payments are linked to the base/floor salary scale with annual adjustments	1. Payments reviewed every three years by reference to: (a) the average movement of net base salary plus post adjustment in the eight headquarters of the United Nations system; (b) the movement of the out-of-area index used for post adjustment based on inflation factors in 21 countries; and (c) the movement of the base/floor salary scale. First review to be conducted in 2008
2. Payments are a percentage of the P-4, step VI of the base/floor salary scale at the dependency rate	2. Payments are flat amounts
3. Single staff receive 75 per cent of the dependency rate	3. Same

Current hardship scheme	*Proposed hardship scheme*
4. Payments are differentiated by grade groupings: P-1 to P-3; P-4 and P-5; and D-1 above	4. Same
5. Payments for P-4 and P-5 are a percentage of the net base salary scale of P-4, step VI. P-1 to P-3 receive 13 per cent less and D-1 and above receive 13 per cent more	5. Payments are at a flat rate as shown in table 4
6. Because payments are linked to the salary scale, payments change when salary changes owing to promotion, within-grade-step increase or change in dependency status	6. Flat rate payments are set at the time of the assignment to the duty station and no changes in the amount are made for the duration of the entitlement, unless the Commission adjusts the amount of the entitlement
7. Payments are made in monthly instalments	7. Same
8. No payments are made for H and A duty stations	8. Same
9. Payments begin with first assignment to duty stations B, C, D or E	9. Same
10. Payments increase to recognize the degree of hardship increases when going from B to C to D to E duty stations	10. Same
11. Assignment to H, A and B duty stations carries a 24-month home leave entitlement	11. Same
12. Assignment to C, D and E duty stations carries a 12-month home leave entitlement	12. Same

C. Current and proposed non-removal schemes

Current non-removal scheme	*Proposed non-removal scheme*
1. Eligibility: when a limited shipment of personal effects is made in lieu of shipment of full household	1. Same
2. Payments are linked to the base/floor salary scale with annual adjustments	2. Payments reviewed every three years by reference to: (a) the average movement of net base salary plus post adjustment in the eight headquarters of the United Nations system; (b) the movement of the out-of-area index used for post adjustment based on inflation factors in 21 countries; and (c) the movement of the base/floor salary scale. First review to be conducted in 2008

Current non-removal scheme	*Proposed non-removal scheme*
3. Payments are a percentage of the P-4, step VI of the base/floor salary scale at the dependency rate	3. Payments are flat amounts
4. Single staff receive 75 per cent of the dependency rate	4. Same
5. Payments are differentiated by grade groupings: P-1 to P-3; P-4 and P-5; and D-1 and above	5. Same
6. Payments for P-4 and P-5 are a percentage of the net base salary scale of P-4, step VI. P-1 to P-3 receive 13 per cent less, and D-1 and above receive 13 per cent more	6. Payments are at a flat rate as shown in table 6
7. Because payments are linked to the salary scale, payments change when salary changes owing to promotion, within-grade-step increase or change in dependency status, etc.	7. Flat rate payments are set at the time of the assignment to the duty station and no changes in the amount are made for the duration of the entitlement, unless the Commission adjusts the amount of the entitlement
8. Payments according to category of duty station with A to E receiving more than H duty stations	8. No distinction between duty stations. H through E receive the same
9. Payments made in monthly instalments	9. Payment to be made in a lump sum at the beginning of the assignment. Payments shown in table 6 are annual amounts only. Entitlement could be up to five times the amount shown depending on length of assignment
10. Payments stop after five continuous years at same duty station	10. Same
11. Exceptionally, payments may be extended for up to seven years	11. No extension beyond five years permitted

D. Current and proposed assignment grants

Current assignment grant	*Proposed assignment grant*
1. No changes were proposed for the assignment grant except in the timing of the payments. The current practice and the proposed change are shown below	
2. For non-removal cases at duty stations A through E, a one-month lump sum[a] is paid if the assignment is for one year but less than three years and two months' lump sum if the assignment is expected to be of a duration of three years or more. If an assignment of less than three years' duration is subsequently extended to three years or more, a second one-month lump sum is payable at the beginning of the third year	2. When the assignment is expected to be of three or more years' duration, two months' lump sum would be paid at the time of assignment. If the staff member did not remain for at least three years, recovery of a one-month lump sum would be effected

[a] A one-month lump sum is 30 days salary plus post adjustment.

Annex III

Criteria for the payment of hazard pay

Hazard pay is an exceptional measure established for staff who are required to work in hazardous conditions, which are defined as follows:

(a) Duty stations where very hazardous conditions such as war or active hostilities prevail and where the evacuation of families and non-essential staff has taken place;

(b) Duty stations where no evacuation has taken place but in which staff are required to work in hazardous conditions such as war where active hostilities prevail, including situations where staff are required to work on cross-border missions in hazardous areas;

(c) The performance of functional medical requirements that directly expose staff to life-threatening diseases, such as severe acute respiratory syndrome (SARS) and the Ebola virus, in the course of the performance of their duties.

Annex IV

A framework for contractual arrangements in the organizations of the United Nations common system

Preamble

This framework distinguishes between functions of a regular and continuing nature and functions required by the organizations of the United Nations common system for a short-term period to meet specific needs. The framework is executed through each organization's staff regulations and rules that set out the conditions of service. It is also applied in accordance with the organization's policies governing geographical distribution, where appropriate, and gender balance. Movement from one contract type to another is not automatic and is governed by transparent and open selection procedures. Staff members covered by these contractual arrangements are required to adhere to the highest standards of conduct as set out in the standards of conduct for the international civil service.

A. Continuing appointments: coverage

1. The continuing contractual appointment is designed to assist the organizations of the United Nations common system in maintaining programme continuity. The arrangement is conceived as a tool to facilitate the strategic management of human resources for the attainment of their overall objectives. This category covers existing contractual arrangements characterized in the organizations under varying nomenclature, such as permanent, indefinite, continuing, without-limit-of-time, career, long-term, indeterminate and service contracts. Inclusion in this category is subject to the continuing needs of the organizations and extends to staff who perform functions that are core to the mandate of each organization of the United Nations common system.

Duration

2. A continuing appointment is open-ended. Staff regulations and rules may provide for periodic reviews to consider continuation. Continuity will be based on criteria such as organizational interests, fully meeting performance expectations and upholding the standards of conduct.

Probationary period

3. Staff in this category must serve a probationary period of between one and two years. Alternatively, staff who have performed and fully met expectations for not less than one year under a fixed-term contract will be considered to have met this probationary requirement for a continuing contract.

Compensation

4. The staff member shall be compensated in accordance with the relevant staff regulations and rules of the organization, consistent with the conditions of service in the common system.

Pension fund

5. The staff member is expected to contribute to the United Nations Joint Staff Pension Fund or any other pension scheme in accordance with the staff regulations and rules of the organization and the relevant rules of the fund or scheme.

Social security

6. The staff member is expected to be covered under the agreed plan with the organization's designated health insurance provider or under any other health insurance scheme, in accordance with the organization's staff regulations and rules.

Applicability of staff regulations and rules

7. The staff member is subject to the relevant staff regulations and rules of the organization.

Standards of conduct

8. The staff member is expected to adhere to the highest standards of conduct, as set out in the standards of conduct for the international civil service, which establish the basic values of all organizations of the United Nations common system.

Mobility requirements

9. The staff member may be subject, in accordance with the organization's staff regulations and rules, to transfers between any function or office, including directed geographic reassignment to other duty stations, if operationally required.

Acquiring a continuing appointment

10. Appointment to a continuing contract is acquired through open and transparent selection procedures in accordance with the organization's staff regulations and rules.

Separation procedures

11. Standard separation procedures are applicable to this category in accordance with the organization's staff regulations and rules. The executive head of the organization may terminate the contract of any staff member for reasons set out in the staff regulations and rules of the organization.

B. Fixed-term appointments: coverage

12. Fixed-term appointments cover the employment of staff engaged for defined periods of time to perform functions that are part of the organization's regular and continuing activities. Subject to the needs of the organization and as defined in its staff regulations and rules, inclusion in this category may extend to staff performing functions of medium-term duration, which could continue for a number of years.

Duration

13. A fixed-term appointment is expected to be of at least one year's duration and for a period of up to five years. The contract may be terminated or renewed on the

basis of criteria such as organizational interests, fully meeting performance expectations and upholding the standards of conduct. Under special circumstances and in accordance with the staff regulations and rules the minimum period of such a contract may be of shorter duration.

Probationary period

14. A probationary period may range from six months to two years.

Compensation

15. The staff member shall be compensated in accordance with the relevant staff regulations and rules of the organization, consistent with the conditions of service in the common system.

Pension fund

16. The staff member is expected to contribute to the United Nations Joint Staff Pension Fund or any other pension scheme in accordance with the staff regulations and rules of the organization and the relevant rules of the fund or scheme.

Social security

17. The staff member is expected to be covered under the agreed plan with the organization's designated health insurance provider or under any other health insurance scheme, in accordance with the organization's staff regulations and rules.

Applicability of staff rules

18. The staff member is subject to the relevant staff regulations and rules of the organization.

Standards of conduct

19. The staff member is expected to adhere to the highest standards of conduct, as set out in the standards of conduct for the international civil service, which establish the basic values of all organizations of the United Nations common system.

Mobility requirements

20. The staff member may be subject, in accordance with the organization's staff regulations and rules, to transfers between any function or office, including directed geographic reassignment to other duty stations, if operationally required.

Acquiring a fixed-term appointment

21. Appointment to the fixed-term category is acquired through open and transparent selection procedures in accordance with the relevant staff regulations and rules of the organization.

Separation procedures

22. Separation of staff may normally be upon expiry of contract, with standard separation procedures applied, in accordance with the organization's staff regulations and rules. The executive head of the organization may terminate the

contract of any staff member for reasons set out in the staff regulations and rules of the organization.

C. Temporary appointments: coverage

23. The purpose of a short-term appointment is to accommodate:

(a) Defined, short-term needs of the organization of less than one year;

(b) Short-term service of limited duration with special missions, projects of limited duration and special operations for humanitarian assistance.

The contractual arrangements cover existing appointments, such as short-term, temporary, term-limited, fixed-term short duration, monthly short-term, daily short-term, special short-term and other types of short-term appointments, such as appointments of limited duration. Consultancies, service agreements and other contractual arrangements that are not executed as staff contracts shall be excluded from this category.

Duration

24. The duration of a temporary appointment such as described in paragraph 23 (a) above is expected to be for less than one year. Any renewal should be consistent with the staff regulations and rules of the organization. For appointments described in subparagraph 23 (b), the duration will not exceed four years.

Probationary period

25. Not applicable; however, a probationary period may be applied for contracts of one year or more, as defined under paragraph 23 (b).

Compensation

26. The staff member shall be compensated in accordance with the relevant staff regulations and rules of the organization, consistent with the conditions of service in the common system.

Pension fund

27. Depending on the type and length of appointment, the staff member may contribute to the United Nations Joint Staff Pension Fund or any other pension scheme in accordance with the staff regulations and rules of the organization and the relevant rules of the fund or scheme.

Social security

28. The staff member will be covered according to the relevant staff regulations and rules of the organization.

Applicability of staff regulations and rules

29. The staff member is subject to the relevant staff regulations and rules of the organization.

Standards of conduct

30. The staff member is expected to adhere to the highest standards of conduct, as set out in the standards of conduct for the international civil service, which establish the basic values of all organizations of the United Nations common system.

Mobility requirements

31. Not applicable.

Acquiring another type of contract

32. Change to any other contractual arrangement may only be effected through the application of open and transparent selection procedures, as established in the staff regulations and rules of the organization.

Separation procedures

33. Standard separation procedures may be applicable in the case of normal expiration of a contract. The executive head of the organization may at any time terminate the appointment of a staff member for reasons set out in the staff regulations and rules of the organization.

Annex V

Comparison of average net remuneration of United Nations officials in the Professional and higher categories in New York and United States officials in Washington, D.C., by equivalent grades (margin for calendar year 2005)

	Net remuneration (United States dollars)				
Grade	*United Nations*[a,b]	*United States*	*United Nations/United States ratio (United States, Washington, D.C. = 100)*	*United Nations/United States ratio adjusted for cost-of-living differential*	*Weights for calculation of overall ratio*[c]
P-1	59 620	46 217	129.0	110.5	0.7
P-2	78 329	59 602	131.4	112.6	6.8
P-3	96 521	73 076	132.1	113.2	20.9
P-4	116 672	90 649	128.7	110.3	30 3
P-5	136 640	106 022	128.9	110.5	28.0
D-1	157 340	122 849	128.1	109.8	10.2
D-2	167 077	126 535	132.0	113.1	3.1
Weighted average ratio before adjustment for New York/Washington, D.C., cost-of-living differential					129.7
New York/Washington, D. C. cost-of-living ratio					116.7
Weighted average ratio, adjusted for cost-of-living difference					111.1

[a] Average United Nations net salaries at dependency level by grade reflecting eight months at multiplier 57.7 and four months at multiplier 65.3 (on the basis of the salary scale in effect from 1 January 2005).

[b] For the calculation of the average United Nations salaries, Consultative Committee on Administrative Questions Personnel Statistics as at 31 December 2003 were used.

[c] Correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at Headquarters and established offices as at 31 December 2003.

Annex VI

Staff assessment rates to be used in conjunction with gross base salaries

A. Staff assessment rates for those with dependants

Assessable income (United States dollars)	*Spouse or a dependent child (percentage)*
First 50,000	19
Next 50,000	28
Next 50,000	32
Remaining assessable payments	35

B. Staff assessment of those without dependants

Staff assessment amounts for those with neither a dependent spouse or a dependent child would be equal to the differences between the gross salaries at different grades and steps and the corresponding net salaries at the single rate.

Annex VII

Salary scale for the Professional and higher categories: annual gross salaries and net equivalents after application of staff assessment

(United States dollars)

Effective 1 January 2006

Level		*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*	*XIII*	*XIV*	*XV*
USG	**Gross**	**181 778**														
	Net D	131 756														
	Net S	118 034														
ASG	**Gross**	**165 071**														
	Net D	120 296														
	Net S	108 932														
D-2	**Gross**	**135 544**	**138 431**	**141 321**	**144 210**	**147 100**	**149 987**									
	Net D	100 670	102 633	104 598	106 563	108 528	110 491									
	Net S	92 483	94 141	95 793	97 440	99 081	100 716									
D-1	**Gross**	**123 799**	**126 335**	**128 871**	**131 406**	**133 943**	**136 478**	**139 015**	**141 551**	**144 087**						
	Net D	92 683	94 408	96 132	97 856	99 581	101 305	103 030	104 755	106 479						
	Net S	85 669	87 168	88 663	90 156	91 645	93 129	94 611	96 090	97 564						
P-5	**Gross**	**102 271**	**104 431**	**106 587**	**108 744**	**110 903**	**113 059**	**115 218**	**117 376**	**119 534**	**121 691**	**123 849**	**126 006**	**128 165**		
	Net D	78 044	79 513	80 979	82 446	83 914	85 380	86 848	88 316	89 783	91 250	92 717	94 184	95 652		
	Net S	72 504	73 807	75 107	76 406	77 703	78 997	80 288	81 578	82 865	84 151	85 434	86 714	87 993		
P-4	**Gross**	**84 139**	**86 106**	**88 072**	**90 038**	**92 006**	**93 971**	**95 939**	**97 904**	**99 871**	**101 944**	**104 026**	**106 107**	**108 191**	**110 272**	**112 356**
	Net D	65 080	66 496	67 912	69 327	70 744	72 159	73 576	74 991	76 407	77 822	79 238	80 653	82 070	83 485	84 902
	Net S	60 605	61 894	63 182	64 467	65 752	67 036	68 319	69 600	70 879	72 158	73 435	74 711	75 986	77 260	78 533
P-3	**Gross**	**68 701**	**70 521**	**72 344**	**74 161**	**75 983**	**77 803**	**79 621**	**81 444**	**83 265**	**85 085**	**86 907**	**88 724**	**90 546**	**92 365**	**94 186**
	Net D	53 965	55 275	56 588	57 896	59 208	60 518	61 827	63 140	64 451	65 761	67 073	68 381	69 693	71 003	72 314
	Net S	50 373	51 578	52 786	53 990	55 197	56 401	57 606	58 812	60 016	61 222	62 422	63 624	64 825	66 026	67 228
P-2	**Gross**	**55 892**	**57 522**	**59 149**	**60 776**	**62 406**	**64 032**	**65 661**	**67 286**	**68 917**	**70 546**	**72 172**	**73 803**			
	Net D	44 742	45 916	47 087	48 259	49 432	50 603	51 776	52 946	54 120	55 293	56 464	57 638			
	Net S	41 966	43 030	44 091	45 154	46 215	47 279	48 359	49 435	50 516	51 594	52 672	53 753			
P-1	**Gross**	**43 726**	**45 119**	**46 507**	**47 901**	**49 290**	**50 765**	**52 332**	**53 897**	**55 458**	**57 025**					
	Net D	35 418	36 546	37 671	38 800	39 925	41 051	42 179	43 306	44 430	45 558					
	Net S	33 410	34 449	35 487	36 525	37 563	38 600	39 639	40 664	41 684	42 705					

Annex VIII

Methodology for identifying the highest-paid national civil service

Phase I

1. *Step 1*. Review existing criteria for selecting potential comparator(s), i.e., existing International Civil Service Commission guidelines relating to national civil services employing significant numbers of staff at the relevant levels and having established grading patterns and conditions of remuneration and benefit.

2. *Step 2*. Select potential comparators for study using the criteria and empirical considerations as necessary.

3. *Step 3*. Identify and evaluate cash and any significant non-cash compensation of potential comparators. This is a process of elimination in which it is anticipated that most of the potential comparators would be eliminated by an examination of compensation provisions. A strictly limited but representative job-matching exercise should be undertaken, using a sample of position descriptions from each potential comparator to determine approximate grade equivalencies vis-à-vis the United Nations common system. The result of this process would be the selection of a minimal number of national civil services on the basis of their net compensation provisions for further study in phase II. In evaluating compensation levels, appropriate income taxes and existing post-adjustment relativities would be applied.

4. *Step 4*. The results of step 3 would be provided to the Commission to seek its guidance with regard to proceeding to phase II.

Phase II

5. *Step 1*. Obtain a broadly representative sample of positions in the selected national civil services which are comparable to those in the Professional and higher categories in the United Nations system. Evaluate those positions according to the United Nations classification standard.

6. *Step 2*. Identify and quantify all cash and non-cash remuneration elements paid by the minimal number of potential best comparators. The quantification of non-cash elements would be based on a modified total compensation approach using the existing methodology.

7. *Step 3*. Quantify retirement, health, life/accident and other relevant non-cash schemes.

8. *Step 4*. Calculate taxes payable to arrive at net remuneration.

9. *Step 5*. Determine exchange rate/cost-of-living adjustment methods to be used in converting remuneration amounts to a common base.

10. *Step 6*. Aggregate cash and non-cash values, applying appropriate exchange rate/cost-of-living adjustment methods, in order to rank the best potential comparators.

11. *Step 7*. Compare the aggregate of cash and non-cash elements of the top-ranked comparator in step 6 above to that of the current comparator on the basis of a grade equivalency study along the lines of the periodic exercises conducted with the United States federal civil service.

Annex IX

Recommended net salary scale for the United Nations common system staff in the General Service and related categories at Paris, 1 October 2004

(Euros per annum)

Survey reference date: 1 October 2004

Grade/Step	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12**	*13*	*14*	*15*	*16*
GS-1	21 182	21 902	22 622	23 342	24 062	24 782	25 502	26 222	26 942	27 662	28 382	29 102				
GS-2	23 499	24 298	25 097	25 896	26 695	27 494	28 293	29 092	29 891	30 690	31 489	32 288	33 087	33 886		
GS-3	26 074	26 960	27 846	28 732	29 618	30 504	31 390	32 276	33 162	34 048	34 934	35 820	36 706	37 592		
GS-4	28 927	29 911	30 895	31 879	32 863	33 847	34 831	35 815	36 799	37 783	38 767	39 751	40 735	41 719	42 703	
GS-5	32 094	33 185	34 276	35 367	36 458	37 549	38 640	39 731	40 822	41 913	43 004	44 095	45 186	46 277	47 368	48 459
GS-6	35 608	36 818	38 028	39 238	40 448	41 658	42 868	44 078	45 288	46 498	47 708	48 918	50 128	51 338	52 548	
GS-7	39 506	40 849	42 192	43 535	44 878	46 221	47 564	48 907	50 250	51 593	52 936	54 279	55 622	56 965		

Note: The 16 steps of the scale should be applicable only to staff already onboard prior to 1 January 2000. The first 11 steps of the scale plus one longevity step should be applicable to staff hired on or after 1 January 2000.

* Longevity step.

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Annex X

Recommended net salary scale for the General Service and related categories at Montreal

(Canadian dollars per annum)

Survey reference date: 1 April 2005

Grade/Step	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11**
G-1	20 362	21 308	22 254	23 200	24 146	25 092	26 038	26 984	27 930	28 876	29 822
G-2	22 246	23 280	24 314	25 348	26 382	27 416	28 450	29 484	30 518	31 552	32 586
G-3	24 295	25 424	26 553	27 682	28 811	29 940	31 069	32 198	33 327	34 456	35 585
G-4	26 540	27 774	29 008	30 242	31 476	32 710	33 944	35 178	36 412	37 646	38 880
G-5	28 988	30 335	31 682	33 029	34 376	35 723	37 070	38 417	39 764	41 111	42 458
G-6	31 666	33 137	34 608	36 079	37 550	39 021	40 492	41 963	43 434	44 905	46 376
G-7	34 581	36 189	37 797	39 405	41 013	42 621	44 229	45 837	47 445	49 053	50 661
G-8	37 774	39 530	41 286	43 042	44 798	46 554	48 310	50 066	51 822	53 578	55 334
G-9	41 259	43 176	45 093	47 010	48 927	50 844	52 761	54 678	56 595	58 512	60 429

* Longevity step.